



Daily Report

Latin America

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Haiti

Haiti: President Preval Meets With U.S. Officials 9 Apr

PA1104000496 Port-au-Prince Signal FM Radio
in French 1030 GMT 10 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] President Preval on 9 April met separately with several U.S. officials in preparation for the talks with international donors. The president first met with U.S. Assistant Secretary of State Robert Gelbard, Robert Felder, charge d'affaires of the U.S. Embassy in Port-au-Prince, and Richard Clark, a member of the National Security Council. The talks focused on the status of the economic reforms the authorities have announced.

The head of state also met with Mark Schneider, of U.S. AID, the main U.S. international agency for aid, on public issues including the privatization of state-owned enterprises. [passage omitted]

Haiti: Preval, Executive Members Meet Parliamentarians

PA1104002096 Port-au-Prince Signal FM Radio
in French 1030 GMT 10 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Excerpt] President Preval and members of the executive yesterday met with Haitian parliamentarians on the leading national issues. According to Chamber of Deputies President Fritz Robert Saint-Paul, whom we contacted at the end of this meeting, no decision was adopted at the conclusion of.... [pauses] during this meeting.

Deputy Saint-Paul believes the state must be more responsible before making more mortgage agreements. The president of the lower chamber told us that other meetings will be planned to reach a consensus on the leading national issues:

[Begin Saint-Paul recording, in Creole] I do not believe anything concrete has come about, except, for instance, the proposals the parliamentarians made to the executive so the state can act more responsibly before committing us more deeply. [passage omitted] [end recording]

Haiti: Leaders To Hold Talks With IDB Delegation

PA1104010596 Port-au-Prince Signal FM Radio
in French 1030 GMT 10 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] The Haitian leaders will receive an Inter-American Development Bank [IDB] delegation

today five days before the official opening of economic talks between the Haitian executive and international donors. The preparatory consultations took place as early as 8 April with representatives of the World Bank. Planning Minister Eric Derice confirmed during an interview with Signal FM this week.

According to the agenda set by the Preval team, the talks will kick off on 15 April with the arrival in Haiti of officials of the main international financial organizations that will support the economic reforms the Haitian head of state is considering.

After the first round of talks, the Haitian executive will have to sign a letter of intent on 15 May to confirm the decision to respect the agreements on structural readjustment and the privatization of certain state-owned enterprises, according to Economy and Finance Minister Fred Joseph.

Haiti: Parliamentarians Approve Section of National Budget

PA1104010796 Port-au-Prince Signal FM Radio
in French 1030 GMT 10 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] Haitian parliamentarians on 9 April approved a section of the national budget on state receipts; this agreement was reached late last night. We also have learned that Parliament voted on the law proposed by.... [pauses] a law, a bill presented by Senator Yrvelt Chery granting certain special privileges to the heads of state who have been democratically elected.

Haiti: Minister on Investment in State-Owned Enterprises

PA1004233696 Port-au-Prince Signal FM Radio
in French 1030 GMT 10 Apr 96

[From "The Waking Up Newscast"]

[FBIS Translated Text] The government of the Republic is considering to take additional measures to lessen the impact of privatization, according to Economy and Finance Minister Fred Joseph. These measures would include compensating those state workers who would be affected by the economic reforms.

Stressing that the government does not intend to liquidate state assets, the finance minister spoke of the need to invest private funds in the state-owned enterprises to bring about better management of these ventures. The receipts resulting from the privatization will be disbursed throughout the 135 communities of the country.

Saying that the privatization of state-owned enterprises is directly linked to the development of the communities, Joseph advocates a partnership between the private sector and the Haitian Government.

Haiti: Head of Cuban Chamber of Commerce Visits

*PA1004231996 Port-au-Prince Radio Metropole
in French 1900 GMT 10 Apr 96*

[From the "Three O'Clock Flash" newscast — monitored in progress]

[FBIS Translated Text] ...on [word indistinct] April by the president of the Cuban Chamber of Commerce.

Gladys Garcia has been making an informational and exploratory visit to the Haitian capital since 7 April and will stay until 14 April. The head of the Cuban Chamber of Commerce will sound out prospects for commercial exchanges between Cuba and Haiti.

During her stay in Haiti, Garcia is to meet with members of the Haitian Chamber of Commerce and Industry, Haitian industrial associations, and officials of the Haitian Government. In particular, she will try to convince Haitian investors of her country's willingness to establish an equitable, commercial cooperation.

Mexico: Statistics on Immigrant Deaths in U.S. Reported

PA1004175496 Mexico City LA JORNADA
in Spanish 6 Apr 96 p 1

[Report by David Aponte — received via Internet]

[FBIS Translated Text] The violence shown by U.S. security forces against Mexican immigrants has left approximately 100 people dead between 1989 and 1995. According to statistics from the Mexican Foreign Relations Secretariat, in most of these cases, the U.S. authorities do not report the results of their investigations to the Mexican consulates and 70 percent of the attacks go unpunished.

Another element worth noting: In most of the homicide cases, no crime or offense of any nature had been perpetrated for the policemen and U.S. civilians to fire their weapons or beat our fellow citizens, the report added.

During the same period of time, more than 70 Mexican immigrants were beaten up and injured by U.S. policemen and citizens, the report stated.

The results: With the support of counsel lawyers and of nongovernmental organizations for the defense of immigrants, Mexican consular representatives have only obtained compensations in civil lawsuits for the victims and their survivors. Criminal prosecution has been practically nonexistent, the report stated.

In the text of the report, the Mexican Foreign Relations Secretariat deemed that the abuses that were committed by certain policemen and officers of the Immigration and Naturalization Service (INS) and Border Patrol personnel represent a "very serious concern" for the Mexican Government.

"These incidents concern us and we believe that these violations should not be permitted or tolerated; they should be investigated and those found guilty should be punished.

"As for what the U.S. side is doing, there is concern especially for what it does to encourage minority groups, which are no less vicious and dangerous, and whose banner is their hatred against those who are different. These attitudes, which in other parts of the world, have left deep scars in the history of mankind, cannot be tolerated in our times and this forces us to remain alert because of its potential for violence," the secretariat stated.

In this regard, the statistics of the Foreign Relations Secretariat are dramatic: The number of homicides and injuries inflicted on Mexican immigrants has grown with the passage of time. Additionally, the cities and counties

of the state of California, Los Angeles, San Diego, San Francisco, Fresno, and Sacramento, among others, have reported the highest number of violent incidents.

The abuses and attacks against Mexicans who decided to enter U.S. territory could be greater in number. The 40 consulates only take note of the cases that are reported by the victims and their relatives, and by the information published in the media or broadcast over U.S. radio and television stations.

Since 1989, the Foreign Relations Secretariat established a data base with reports of fellow countrymen who were victims of violence, and of those who were killed at the hands of the Border Patrol, the various local, state, and federal police forces, and even at the hands of U.S. civilians.

Between 1989 and 1990, the 40 Mexican consulates in the United States collected only partial information. In subsequent years, the consular network listed reports of incidents of violence carried out by the different police forces in the United States, in the entire territory of the neighboring country.

It even determined the towns, counties, and cities where the greatest number of incidents took place: Brownsville, Dallas, Denver, El Paso, Fresno, Los Angeles, McAllen, Miami, New York, Sacramento, San Antonio, San Bernardino, San Diego, San Francisco, Washington, and Tucson.

With the data collected in the last six and a half years, until mid-1995, the Foreign Relations Secretariat determined that 94 Mexicans were killed and 71 were injured. Some of the cases are still pending and in seven of every 10 cases "there are no elements that can help victims demand some type of compensation from those inflicting the injuries" on the Mexicans.

Likewise, the data showed that the number of incidents in the areas in which consulates provide protection, such as human rights, crime-related situations, immigration, and labor and civilian situations have increased between 1989 and 1995. In the first year, the consular network reported 34,000 actions of this nature; in 1990, more than 60,000, and in subsequent years, the figure exceeded 100,000 cases.

Recently, the Foreign Relations Secretariat proposed an initiative to Washington in an effort to promote contacts between consulates and INS offices as well as with the Border Patrol with the purpose of "ensuring the commitment of both countries with the protection of human rights and the dignity of the immigrants."

In addition, the secretariat asked that U.S. authorities provide closer attention to the incidents of violence and crime that still persist in various parts of the border.

From 12 January of this year to the present, the Foreign Relations Secretariat has sent three diplomatic notes to the U.S. State Department following the new immigration control measures in the area of San Diego and Arizona, and following the brutal beating of three Mexican illegal aliens by three policemen from the Riverside police station.

Mexico: Opposition to Military Role in Fight Against Drugs

PA1004161296 Mexico City LA JORNADA
in Spanish 8 Apr 96 p 8

[Article by Eduardo R. Huchim: "Drug Trafficking: The Military Corruption"]

[FBIS Translated Text] Ever since the 1995 Defense Ministers Summit held in Virginia, to which Mexico only sent Ambassador to Washington Jesus Silva Herzog, the Latin American countries have been under additional pressure by the United States to get their armies involved in the fight against drug trafficking. The superpower to the north is placing greater emphasis on this matter. Judging by a series of events, Mexico is increasingly giving in to these demands. The most recent events included the military and legal operations carried out in the capital city's Division del Norte Avenue and the city of Tijuana, and the sending of 15 officials to train in the United States on drug-fighting methods.

The growing boom of drug smuggling through Mexico and its consequent corrupting power, thanks to its vast resources, have overwhelmed the countering capability of the police and its resistance to bribes, so the Armed Forces are cooperating in these tasks to make up for the inefficiencies of the police force. "The joint and coordinated intensification of actions and involvement of the Armed Forces and the police grew during the six-year administration of Jose Lopez Portillo. But it was during the administration of Miguel de la Madrid that a systematic campaign to fight drug trafficking was implemented. But it was not without its disagreements or misunderstandings." Hector F. Castaneda Jimenez noted this in his thesis *The National Security of Mexico Before the New International Order* (UNAM [National Autonomous University of Mexico], 1993). That tendency continued during the administration of Carlos Salinas de Gortari, and has intensified during that of Ernesto Zedillo.

The Army's involvement is undesirable because the Army is engaging in tasks other than purely military duties, and there are other reasons as well. Basically,

the military is being exposed to the enormous corrupting power of drug traffickers. The belief that this kind of danger will be prevented by rotating the soldiers and their chiefs — as the Mexican leaders have ordered — is deplorably naive. We cannot assume, of course, that the soldiers can be kept from their surrounding world in order to keep them from falling prey to bribery. But it is also unreasonable to assign them duties unrelated to the Army and, furthermore, risk one of the few institutions as yet not seriously infiltrated by drug-trafficking corruption. It should not be understood that corrupt military members do not exist. They do exist and provide the Army's General Inspection Office with a lot of work.

Serious cases of corruption within the ranks of the Armed Forces stemming from their participation in the fight against drug trafficking are not rare in Latin American armies. Such was the case of the Bolivian elite unit, which was assigned to those tasks, and whose tanks ended up transporting drugs for the drug capos. The unit was later disintegrated in 1995. The Colombian experience has also been negative in that respect, as Colonel Jose Jaime Rodriguez Alvarez, Colombian military attache to Mexico, explained to reporter Jesus Aranda: "...when the Army was commissioned to eradicate marijuana on the coast, there was corruption, and it did not work." It is, therefore, advisable to keep the Armed Forces away from the fight on drugs (LA JORNADA, 11 December 1995, pp 1, 19).

Despite this very real scenario, Washington is exerting pressure for the military to join extensively in the fight against drug trafficking, as was exemplified by the recent statements by Walter Slocumbe, U.S. under secretary of Defense for Policy, who told the Argentine CLARIN daily that some countries in Latin America "should confront drug trafficking in military terms, as if it were a foreign invasion." Oddly enough, although the appointment of a military official as Bill Clinton's director of the National Drug Control Policy Office (Barry McCaffrey) could suggest the opposite, the United States has been careful about not involving its Armed Forces in the fight against drug trafficking in any significant manner. The Drug Enforcement Agency (DEA) was created for that task.

The discontent brewing among some military commands due to the Mexican Army's growing involvement in these tasks, then, is reasonable. If only for disciplinary reasons, that unconformity is kept secret. The military's support to the drug fight, when strictly necessary, is not reproachable, but it becomes so when the drug fight becomes the center of the Armed Forces' activities.

Because they overstep the duties commissioned to the Army, because they expose the Army to corruption, because the Army's involvement will not defeat drug trafficking as has not happened in other countries, the Mexican Government should reject the United States' plans to expand the military's participation in fighting drugs.

Mexico: Importing U.S. Beef Entails No Risk for Mexico

PA1104025396 Mexico City XEW Television Network
in Spanish 0300 GMT 10 Apr 96

[Telephone interview with Mexican Agriculture Secretary Francisco Labastida, place not given, by Jacobo Zabludovsky in the network's studio in Mexico City; from the "24 Hours" newscast — live]

[FBIS Translated Text] [Zabludovsky] Because Mexico imports U.S. beef, we are concerned about reports that certain U.S. cattle have already been infected with mad cow disease. We want to know the extent to which our importation of U.S. beef might affect us.

[Labastida] Several years ago, when it was learned there were certain health problems with cattle in Great Britain, the Agriculture Secretariat banned all beef imports from those countries. We have monitored this situation very closely since then. The news we have so far is that some imported cattle were detected in the United States, but they did not indicate any signs of the disease. The United States has decided, however, to slaughter the cattle. Because there were no obvious signs of the disease, we believe this instance was just a preventive measure by the U.S. authorities.

As far as we know—and we are keeping a close eye on this situation day after day—a bout of the disease has not been confirmed in the United States; consequently, if there are no signs of the disease over there, importing U.S. beef does not entail any risk for Mexico. I reiterate: We, the officials, are following this situation quite closely. We have followed this situation so closely that, in fact, beef imports from these countries were banned approximately six years ago. Pressure was exerted on Mexico to open its borders, but we have refused to do so. When the public learned of this disease, a phenomenon which was known only to the specialists, it was confirmed that Mexico's decision in this regard had been the right one.

[Zabludovsky] Concerning the beef Mexico imports from the United States, is there any way to distinguish between U.S.-grown beef and beef imported from Great Britain?

[Labastida] We are not importing any beef from Great Britain, which is not allowed. All British beef imports have been banned for approximately six years. Our imports are not open; there are strict restrictions in this regard. We have continued the policy implemented by the previous administration, because we believe it is the right thing to do to ensure the people's well-being.

There is no possibility that we are importing British beef. What has happened in the United States was that a certain breed, certain animals imported nine years ago, a different variety from the one that has exhibited the disease, were slaughtered. It was a small number of animals, and they were not infected with the disease. Mexico basically imports beef, and this beef comes from regions other than the ones in which animals were slaughtered.

[Zabludovsky] For the past 70 years, the United States has banned the importation of Mexican avocados, because they claim they carry a disease. If there is enough evidence to establish that U.S. beef imports are infected with mad cow disease, would we prohibit the importation of U.S. beef?

[Labastida] Certainly. If we had sufficient grounds to believe there is a health problem with imports from the United States or any other country, we would automatically close the borders.

Mexico: U.S. Border Patrol Agent Said To Beat Mexican

PA1104033296 Mexico City Radio Red Network
in Spanish 2300 GMT 10 Apr 96

[Report by Martin Espinoza and Josue Rodriguez; from "The Night Monitor" newscast]

[FBIS Translated Text] [Espinoza] One of our headlines at the beginning of this program was about the aggression, a new aggression, suffered by an undocumented Mexican who was trying to escape from his drastic situation to face an unknown future, as is the case of those who arrive illegally in the United States.

This young man was beaten in the Eagle Pass, Texas, Border Patrol Station. They broke one of his ribs, and the worst part is that after the beating, he was taken to Piedras Negras, Coahuila, where some countryman took him to a hospital where he was admitted. He is there this evening.

Let's go to Piedras Negras and listen to correspondent Josue Rodriguez who has details of this incident, which indicates that words and documents are not enough to resolve a complex problem such as the migration problem of Mexico and the United States.

[Rodriguez] Jose Luis Ugalde Hernandez, a 34-year-old, undocumented Mexican, had his eighth rib broken. He was captured and beaten by a Border Patrol agent of Eagle Pass, Texas, behind the walls of a U.S. Border Patrol Station.

The immigrant was beaten in that office by a Hispanic-looking Border Patrol agent who threatened him after beating him and told him not to report what had happened. A Border Patrol car then took Ugalde Hernandez to the international bridge along with other undocumented people and deported him to Mexico without giving him medical attention and forcing him to walk the almost 300 meters separating one border from the other.

The Mexican has been admitted into the Piedras Negras Civil Hospital where he is receiving attention for his injuries. We were able to interview him:

[Begin recording] [Rodriguez] How were you beaten by the Border Patrol agents?

[Ugalde Hernandez] We were approximately 500 meters away from reaching customs. I was heading for Mexico,

and the patrol then came and took us to an office and started taking our money. They took much of the money I had, even a California license, and threw it away. Then he got me into a room and began beating me.

[Rodriguez] He beat you. Did he threaten you?

[Ugalde Hernandez] He told me that he was going to let me go but that if I were to say anything, he would call the Mexicans. [end recording]

[Rodriguez] This was Jose Luis Ugalde. He said he will file suit against the Border Patrol agent who beat him.

[Espinoza] Do we know anything about immigration authorities having intervened in this case at the border area, in Coahuila?

[Rodriguez] Not yet. The consulate will denounce the situation tomorrow.

[Espinoza] The consulate already knows what happened, of course.

[Rodriguez] Yes. It knows.

Guatemala

Guatemala: Prosecutor General Cuestas Resigns

PA1004224696 *Guatemala City Televisiete Television in Spanish 1900 GMT 10 Apr 96*

[From the "Channel Seven News" newscast]

[FBIS Translated Text] The prosecutor general tendered his irrevocable resignation at 1245 today before the General Secretariat of the Presidency. The resignation will go into effect 16 May.

Ramses Cuestas said that the approved reforms have parts that are unconstitutional and that he will take the appropriate legal action once this draft bill becomes law;

[Begin Cuestas recording] Today—and it should be delivered just about now at the General Secretariat of the Presidency—I have tendered my letter of resignation, copies of which also will be delivered to the various media. Furthermore, a letter of explanation will be handed to you indicating to the president or pointing out certain situations that are taking place.

I would like to add that as it is not yet the law of the land and even though I have already submitted my letter of resignation—it is irrevocable as of 16 May—I will be here up to 15 May to allow time for my replacement to be appointed; this will allow whoever is chosen to come so I can brief the person on the problems of the Public Prosecutor's Office.

I want to publicly urge the constitutional president of the Republic to make use of the power of veto against Congress' Decree 19-96 to safeguard the legal state, the democratic regime, the autonomy and independence of the Prosecutor General's Office of the Republic and the Public Prosecutor's Office; this action is especially necessary if we are to continue moving ahead and achieving a better system of justice in Guatemala. [end recording]

Nicaragua

Nicaragua: Army To Increase Sea Patrols To Prevent Piracy

PA1104041196 *Managua Sistema Nacional de Television Network in Spanish 0130 GMT 10 Apr 96*

[Report by Milviana Jerez; from the "TV News" newscast]

[FBIS Translated Text] In line with a cooperation agreement signed by the Economy Ministry and the Nicaraguan Army, the latter will increase its patrols of Nicaragua's seas to prevent piracy and attacks on fishing vessels.

The Agreement on Inter-Institutional Cooperation and Support for Fishery Security, an agreement signed by the Economy Ministry and the Nicaraguan Army, will allow the military institution to watch for and fight pirates and muggers more efficiently;

[Begin Nicaraguan Army Commander General Joaquin Cuadra recording] In addition to signing this agreement that provides operational resources that will allow increased fishery reconnaissance—that is, it will allow us to grant the fishery sector more security to carry out its activities—we have to note that we will be setting in motion both jointly and almost simultaneously a plan to increase the combat capabilities of the naval force thanks to the arrival this month of three patrol boats the government has bought from the Israeli Navy. [end recording]

Nicaraguan fishery businessmen lose from \$5,000-\$30,000 in every raid they suffer. The purpose of this agreement is to prevent these losses:

[Begin Economy Minister Pablo Pereira recording] This type of crime has been decreasing, fortunately. We have worked within the Economy Ministry and with the Navy and have been running the operations with a firm hand; this action has caused us some difficulties with neighboring countries such as Honduras and Costa Rica, but this kind of problem has been diminishing. [end recording]

Increased patrols by the Army of the two seas will be a big relief for local fishermen and businessmen.

Panama

Panama: ARI Director Discusses Use of Canal Areas

PA1004152496 *Panama City LA PRENSA in Spanish 9 Apr 96 p 17A*

[Article by Gisela Vergara S.]

[FBIS Translated Text] After eight months as Inter-oceanic Region Authority (ARI) Director, Nicolas Ardito Barletta now understands how difficult it is to sell, and how expensive maintaining the 32,000 hectares that will revert to Panama will be.

The great challenge will be to make them productive in record time. In the next two years, the reverted areas will be few (526 hectares) compared to the 15,058 hectares that will revert to Panama in one "jolt" in 1999.

It is a difficult race against time during which the ARI will have to seek a productive use for the areas before they revert to Panama. If not, Panama will have to earmark \$20 million per year for maintenance of the

areas, which is the amount the United States spends nowadays in its main installations.

According to a study requested by the government from economists Jose Galan Ponce and Marco Fernandez, the prospects for an immediate use of the facilities is discouraging. The economists suggest that 25 years after the reversion of the areas, only one-third of the hectares will be in use.

The demands of an excessive supply of land on the small Panamanian economy has been described by a local businessman as "a 25 lbs turkey for a 3 lbs capacity stomach."

Moreover, Ardito Barletta is convinced that the areas with infrastructures and installations could be incorporated into the economy within a reasonable period of time.

From an economist's viewpoint, Ardito Barletta explained that the attraction of investments for the reverted areas depends on the status [preceding word published in English] of the international economy, and the opportunities present that moment.

Ardito Barletta is confident that with steady and professional work, and the support of all sectors, the confidence necessary for national and foreign investments will be created.

In addition, Ardito Barletta is facing complaints from local businessmen that the government is looking for "the goose that laid the golden eggs," referring to the interest in attracting investors from the United States, Asia, and Europe.

A local businessman, who asked to remain anonymous, also pointed out that the process for evaluating documents is slow which discourages investments.

Another businessman said: "I submitted a project and got a quick answer. However, I have heard that the decision regarding the use of sites is slow."

"I have the impression that they want to do things quickly, but they have an enormous legal problem because the ARI law forces the administration to carry out bids and price contests."

The businessman said that these things should be made easier, because in the end the areas will be left "neither to God nor the devil."

Ardito Barletta, who is in charge of analyzing most of the proposals, said: "We have made much progress, more than I thought we had made organizing personnel, receiving proposals, promoting and organizing the institution."

Satisfied with the projects achieved, Ardito Barletta explained that the maritime and tourist development projects could be consolidated within five years with an initial investment stage which could start relatively soon.

Plans Are Advancing

With proposals made by companies interested in the privatization of ports, and the creation of a center for transshipping containers, the maritime projects could attract more than 1 million containers a year. Using tourism from cruise ships in Fort Amador and the Atlantic area as a spearhead, the consolidation of the opportunities in tourism could represent 60 cruise ships and 150,000 tourists per year.

Plans for offering services to passengers in transit, for storing and repairing containers and ships, are currently under consideration. A decision regarding these projects will be taken in the next four months.

Negotiations for the construction of hotels in Fort Amador are a positive step in this race against time. The ARI anticipated the reversion in October of Fort Amador, and began negotiating contracts for constructing hotels with Carnival Cruise Lines, and the South Korean Cruise Ships Jim Kim group.

In Fort Amador, the construction of tourist projects beginning next year, the bidding for a shopping center, and a port for cruise ships, are also being planned.

A \$1.5 million investment proposal by Ecotodge, a joint Panamanian-U.S. enterprise, for the development of ecotourism in Gamboa with a 25-room hotel, has been approved.

In Fort Davis, which reverted in September last year, the legal papers have been completed with Taiwanese businessmen to establish a processing zone for exports [ZPE].

Ardito Barletta explained that the establishment of some companies should take place in September, at the latest, and he said that he expects between five and 10 companies this year, and three times that number in 1997. In the industrial park zones, companies will receive the same incentives as the reprocessing export areas. Forty families have moved into the Fort Davis residential area, and the sale of 150 more homes is being planned.

The ARI has begun promoting other processing zones in Fort Davis which will culminate with the establishment of more companies next year.

The sale of homes through bids has begun in Fort Espinar, a process which is expected to be completed in

November. The barracks to be converted into apartments will be put up for bidding between June and November.

A significant project in this area is the hotel-school Advanced Swiss School for Tourism and Hotels, which expects to attract students from Latin America, and should materialize at the end of the year.

Bids for the School of the Americas will be received in July. Ardito Barletta says that there are already parties that are interested in the school.

Other groups have shown interest in commercial areas, gasoline stations, supermarkets, bowling alleys, and other sites in Forts Davis and Espinar, but the public bids will take place in two months.

In Coco Solo, the Taiwanese consortium Evergreen will begin construction of a container terminal in 20 hectares near the Colon Free Zone. The project, whose estimated cost is \$85 million, will be completed by July 1997.

Negotiations on the tank farms in Arraijan to supply ships that cross the canal will be completed in July of this year.

Another project that has been approved is Petroport on Telfer's island. A Panamanian investment project, Petroport is a plant for processing liquid gas.

A solicitation for bids for the reforestation project of 3,000 hectares on the west bank of the canal basin was canceled because only one company bid on the project.

Plans have been made for all the areas that have reverted, and promotion has begun for those areas that will revert in 1997 and 1999. Based on the experience with these projects, Ardito Barletta believes that the future of the others areas will be more predictable.

AREA	PROJECT BEING IMPLEMENTED	ESTIMATED DATE
COCO SOLO	- Evergreen	Apr 96
	- Cristobal School	May 96
OTHER AREAS (Colon)	- Terminal Port for Cruise Ships	Apr-Dec
	- Petroport	Feb 96
ESPINAR	- Port of Cristobal	Sept-Oct
	- Swiss hotel-school	Feb 96
	- Homes sales	Feb-Mar
	- Barracks	Jun-Nov
	- Schools	May-Jul

AREA	PROJECT BEING IMPLEMENTED	ESTIMATED DATE
DAVIS	- ZPE (Industrial Park)	Mar-Oct
	- Other ZPE	May 96
	- Homes sales	Mar-Sep
	- Commercial Areas	May 97
GAMBOA	- Technological University	Mar 96
	- Ecotourism Hotel	Jan-Oct
	- Ecotourism Development	Apr-Aug
	- Summit Golf Club	Apr 96
ALBROOK	- City of Knowledge	Jun 96
BALBOA	- Port	
	- Clubhouse	Feb 96
	- Homes sales	Jul-Dec
EMPIRE RANGE	- Reforestation Project	Apr 96
	- Commercial Property	June 96
AMADOR	- Hotels	May 96
	- Shopping Center	Jun-Oct
	- Tourism Project	Jan 97
	- Port for Cruise Ships	May 96

Panama: U.S. Ambassador Reacts to Gelbard's Statements

PA1004210496 Panama City EL SIGLO in Spanish
10 Apr 96 pp 1, 2

[Report by Yuriela Sagel]

[FBIS Translated Text] U.S. Ambassador to Panama William Hughes said yesterday the statements made by Robert Gelbard, assistant secretary for international narcotics and law enforcement affairs, regarding the possibility that drug traffickers may once again take hold of the Central American isthmus do not represent the feeling of his country's president, Bill Clinton.

"I speak on behalf of President Clinton in Panama, because I am the only authorized voice to do so, and a great deal of progress has been made in seven years in the fight against drug trafficking. Panama has done a

great deal but not enough. Not even the United States has done enough," Hughes said.

The diplomat said the authorities still need to do a great deal more, because there are 200 landing strips in Darien Province alone. Colombian motorboats violate Panamanian sovereignty every week, and the Panamanian National Police is unable to do anything because of a lack of resources.

"There is no doubt that there are serious problems at the San Blas Islands and in Darien Province, because large amounts of drugs enter these areas," the American said.

Gelbard said recently that Panama is facing the serious risk that "drug traffickers" may once again take a hold of the country following the withdrawal of the military bases in 1999.

Hughes said Gelbard's statements represent his own personal opinion and must not be considered a threat against Panama, but it is necessary to work more in Panamanian territory and to attack drug trafficking operations.

Hughes added that drug trafficking and money laundering are a serious problem in the entire hemisphere; therefore, a great deal more needs to be done to eradicate them.

He said President Clinton is pleased with the progress of the democratic system in Panama, which has a young democracy, and people live in freedom.

He said the concerns contained in the statements made by Robert Gelbard have nothing to do with maintaining the U.S. military presence in Panama beyond the year 2000.

He said, however, it is important for Panama to exercise greater control over ports and borders and to purchase specialized equipment that can allow for the easy detection of clandestine motorboats.

Hughes' statements were made during his appearance before the Foreign Relations Commission of the Legislative Assembly, headed by Legislator Oyden Ortega.

Panama: U.S. Presence Did Not Prevent Drug Cartels

PA1004212596 Panama City EL PANAMA AMERICA in Spanish 10 Apr 96 p 1

[FBIS Translated Text] Brussels — Panamanian President Ernesto Perez Balladares yesterday said the presence of U.S. bases along the Canal "did not prevent" the settlement of drug cartels in his country.

"What is important is the determination to fight drug trafficking with or without a U.S. presence" in the country, he added.

Robert Gelbard, assistant secretary for international narcotics affairs, has said Panama runs the risk of drug cartels "seizing" the country after U.S. troops leave in 1999.

In Brussels, Perez Balladares presented an initiative proposed to U.S. President Bill Clinton last September to create in the Canal Zone, which U.S. troops will vacate, a center for international cooperation in the struggle against drugs throughout the continent.

Such operations should unite all countries of America and Europe experiencing problems linked to the production, transit, or consumption of drugs, he said.

To support such joint actions, the Panamanian president reaffirmed his well-known position that Washington's policy of granting certifications to Latin American countries for their antidrug policy will not solve the drug trafficking problem.

Argentina

Argentina: Brazil's Cardoso Supports Malvinas Claim

PY1004151696 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1111 GMT 10 Apr 96

[FBIS Translated Text] Buenos Aires, 10 Apr (NA) — During a congressional session held in his honor, Brazilian President Fernando Henrique Cardoso emphasized his country's integration with Argentina. He noted that, at this moment, "nothing separates us and everything leads us to a common destiny."

The Brazilian president yesterday addressed more than 200 congressmen from all parties, who, on various occasions, applauded the contents of his message, especially the passages on Brazil's wholehearted support for Argentina's sovereignty claim over the Malvinas Islands.

Senate Provisional President Eduardo Menem, from the Justicialist Party, and Marcelo Lopez Arias, a Justicialist Party deputy for Salta Province and the Chamber of Deputies vice president, chaired the session.

Senator Menem emphasized the Brazilian solidarity vis-a-vis Argentina's claims on its sovereign rights over the Malvinas Islands. He was enthusiastically applauded by his audience.

Menem emphasized: "New outrages by the United Kingdom, such as establishing a fishing fee for the Georgia Island zone, have deserved unanimous repudiation, as it wants to maintain the scourge of a colonial status."

The Brazilian president praised Brazil's integration with Argentina. He noted: "We are striving for the same goals: Economic development, political stability, and social justice."

In reviewing his talks with President Carlos Menem, the Brazilian president said: "There are things uniting us and disparities separating us. These disparities exist in all full-fledged integration processes under the strength and inspiration of democracy."

In his message, President Cardoso praised the actions taken by former [Argentine] President [Raul] Alfonsin and former [Brazilian] President Jose Sarney. In his opinion, Alfonsin and Sarney initiated "the opening that developed into the current enhancement of Mercosur [Common Market of the South] and our bilateral relations."

Within this context, Cardoso emphasized the increased trade between the two countries. Trade between Brazil and Argentina totaled \$2.401 billion in 1990, whereas now it totals more than \$9 billion.

After pointing out that he came to our country "with gratefulness and deeply moved," the visiting president emphasized: "Brazil is going through difficult times, times of crisis and transformation." He added: "Nothing separates us. Everything is leading us to a common destiny."

At the end of his 25-minute message, Cardoso pointed out "the firm integration between our countries, bearing in mind current requirements and past experiences."

Argentina: U.S. 'Pressure' in Military Drug Fight Denied

PY1004163696 Buenos Aires TELAM in Spanish
1510 GMT 10 Apr 96

[FBIS Translated Text] Buenos Aires, 10 Apr (TELAM) — Julio Cesar Araoz, secretary for the prevention of drug abuse and for the antinarcotics struggle, today emphasized: "At no time did the United States exert pressure for or insinuate the Argentine Armed Forces' involvement in drug enforcement, as the U.S. Armed Forces are not involved in drug enforcement either."

Araoz made remarks to journalists at the end of a meeting with U.S. Ambassador James Cheek and U.S. congressmen in his office today.

Argentina: Agreement on Joining Efforts To Fight Drugs

PY1004175696 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1623 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (NA) — Julio Cesar Araoz, secretary for the prevention of drug abuse and for the antinarcotics struggle, today indicated: "We have agreed with the U.S. representatives to join efforts on the international policy for eradicating coca crops in the producing countries."

In addition, Araoz confirmed that, in Argentina, "the security forces, and not the Armed Forces, are involved in drug enforcement."

Araoz made these remarks at the end of a meeting with U.S. representatives and U.S. Ambassador James Cheek in his office today.

Araoz emphasized: "The security forces, and not the Armed Forces, are involved in drug enforcement. I also acknowledge that at no time did the United States exert pressure with regard to or insinuate the involvement of the Argentine Armed Forces in drug enforcement, as the U.S. Armed Forces are not involved in drug enforcement either." [passage omitted]

Argentina: Deputy Economy Minister Interviewed

PY0904224296 Buenos Aires LA NACION in Spanish
31 Mar 96 Second Section pp 1, 7

[Interview with Deputy Economy Minister Juan Llach by Jorge Oviedo; place and date not given]

[FBIS Translated Excerpt] Deputy Economy Minister Juan Llach is fully aware of the fact that this year, convertibility will have to take two examinations which it has not yet passed, namely to prove that convertibility may be instrumental in extricating Argentina from its current recession and achieving fiscal balance once again.

Llach is of the opinion that the Convertibility Plan will certainly pass these examinations with flying colors. He recalls that over the last five years, convertibility has taken up similar challenges, like the run on the Argentine peso or proving that it was possible to boost exports with a fixed rate of exchange between the dollar and the peso.

The deputy economy minister does not doubt that "this year's economic growth will be impressive, so as to prove that it is possible to overcome the present recessionary period. The economy will grow by about 5 percent because such a conclusive proof cannot be advanced with a GDP growth of 1 or 2 percent."

Llach believes that the strength of the plan is such that "it could withstand a change of helmsman (alluding to the economy minister) or of helm." He nonetheless makes it clear that the replacement of the minister can "never be made in times of crisis." And to make his meaning crystal clear he repeats: "Never in times of crisis," which is tantamount to saying "not now." Llach, who not long ago made his debut as Cavallo's second in command, fulfilled the obligation of replacing his boss during an interview in which he discussed the fifth anniversary of the Convertibility Plan — the economy minister kept the promise he made to President Menem and declined to be interviewed.

Among the achievements of convertibility, the deputy economy minister highlights the fact that Argentina is disputing the first place in the world in stability after having been the country with the highest inflation rate, the ability to overcome economic and political problems, and the fact that the reform was effected by laws enacted under a democratic system of government.

Llach asserts that "convertibility has won four elections," adding that "we have started the third stage of Argentina's development." Llach further states without hesitation: "President Menem's support was central."

This notwithstanding, the official enumerates a long list of pending issues. The first one is to once again balance fiscal accounts to reduce the country risk rate and make credit less expensive, followed by employment, the provinces, and tax evasion.

Llach make it clear that "not everything can be settled through economic measures. A major social reform is still pending because there is a huge social debt and the only thing one should not do is ignore it." [passage omitted]

[Oviedo] There are those who contend that the Convertibility Plan passed its first trials thanks to the unprecedented support it obtained from international organizations.

[Llach] That is not true. It was President Menem's support which was crucial to the success of the plan. There were no consultations with international organizations. Besides, an IMF mission had visited Argentina in February.

What is more, we found it quite difficult to convince several international officials. Things are different now. It is quite clear that the former Soviet Union's satellites which have best come to grips with adjustment reforms are the ones which have opted for convertibility or a similar system.

In sum, the only thing we did was to give legal shape to what the public had already done, because the economy had already been dollarized.

[Oviedo] Taking stock of these five years, how do you assess them?

[Llach] Whenever one takes stock, there are positive and negative things, but I think that all in all, the result is positive. There has obviously been an increase in the per capita income and wealth.

From being the country having the highest inflation in the world, we are now contesting the first place in the world regarding stability. Mind you, we achieved this following an inflationary period that lasted for half of a century.

We first managed to have an economic takeoff, which other stabilization plans also achieved. The major difference lies in the fact that in Argentina, the economic upswing became economic growth, and this enabled the third stage in Argentina's development.

[Oviedo] There is doubt, however, as to whether there will be economic growth.

[Llach] This year convertibility is to face a major test [preceding word in English]. Not that it hasn't in the

past. It withstood a run on the peso; it proved that it was possible to have more exports with a fixed rate of exchange between the peso and the dollar; it dispelled doubts about whether we would be able to hammer out a Brady plan or meet the targets established by the IMF. Convertibility also proved its resiliency by overcoming crises unleashed by economic and political motives. The tequila effect really tested its mettle. Moreover, convertibility won four elections.

The economy was de-indexed, and above and beyond all the fights between Cavallo and Congress, no other country in the world has been able to effect a similar reform through laws enacted by a democratic government.

Speculation about this year's growth has become the talk of the town. We believe that it will be clearly proved that the plan will enable us to extricate our country from a recession.

Argentina's GDP will grow by approximately 5 percent. Such a clear and conclusive proof cannot be produced with a GDP growth of 1 or 2 percent.

[Oviedo] What are the negative things?

[Llach] There are many pending issues. The number one priority is to once again achieve a fiscal balance. We are not following a purely fiscal approach. We want to reduce the country risk rate so that credit will become less expensive.

In order to do this, it is necessary to effect the second reform of the state and make strides in the crackdown on tax evasion.

It is hardly conceivable that receipts from income tax in Argentina should represent only 2 percent of GDP.

[Oviedo] Is the fiscal question the most serious problem facing the economy?

[Llach] No, but unless we balance our fiscal accounts we will not be able to solve all the other problems.

[Oviedo] The extremely high unemployment rate, for example.

[Llach] That is, unquestionably, the second most important point. I would like to reiterate that this is not a list enumerating the order of priorities. Still, I would rather talk about employment than unemployment. We believe that conditions are really favorable for the second reform of the state to surpass the first one in achievements even if employment increased — albeit insufficiently — under the first reform. We think that there will be a change in sectors. The construction industry and many export activities will be the driving forces behind the creation of new jobs, particularly in the provinces.

[Oviedo] The provinces also face pending problems.

[Llach] We have to cooperate with the provinces that are running a fiscal deficit so that they can balance their budgets, reschedule their debts, and manage to create the necessary conditions so that there will be an economic upswing.

This notwithstanding, I regret to inform you that not everything is solved with economic measures. A social reform is still pending. We have an important social debt and the only thing that one should not do is ignore it. We have to improve our health care system and think with alacrity what we are going to do when the education act expires and the education budget is no longer increased by 20 percent per annum.

[Oviedo] The plan has flunked one examination, namely the change of minister or of administration.

[Llach] It can perfectly withstand a change of ministers or of administration.

[Oviedo] Can you picture Cavallo leaving without causing a turbulence?

[Llach] Never in times of crisis, never in times of crisis [he reiterates]. If we manage to grow by 5 percent this year and balance our fiscal accounts it will be perfectly possible for Cavallo to leave.

Argentina: Official Says Use of Armed Forces 'Inopportune'

PY1004173296 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 2224 GMT 9 Apr 96

[FBIS Translated Text] Buenos Aires, 9 Apr (NA) — Julio Cesar Araoz, secretary for the prevention of drug abuse and for the antinarcotics struggle, today stressed that it is "inopportune" to believe in the possibility that the Armed Forces will be used in the repression of drug trafficking.

In this respect, Araoz highlighted the "efficient work" that is being carried out with regard to that task by the security forces conducting operations in the fight against drug trafficking, such as the National Border Guard, the River Police, and all of the country's police institutions.

In order to defend his position, the secretary recalled that Army Commander in Chief Lieutenant General Martin Balza and U.S. Ambassador James Cheek have expressed their opposition to the use of the Armed Forces in the repression of drug trafficking.

"The voice of some Argentine congressmen, who insist in the non-participation of the military in that type of task, can be added to the remarks of these authorized persons," Araoz said.

He also insisted that the only possibility for the Armed Forces to be used "would consist of giving logistical support when and where they are asked to do so."

"This could consist of providing transport, communications support, and lodging, without participating — I insist — in the operations themselves," he said.

He also highlighted the fact that the military institutions cannot provide intelligence services in the fight against drug trafficking, after which he defended the authority of his secretariat in "the coordination and training of the security forces."

Argentina: Ban of Mad Cow Disease Imports

PY1004222096 Buenos Aires CLARIN in Spanish
10 Apr 96 pp 28, 29

[Article by Isabel Stratta]

[FBIS Translated Excerpt] On 9 April, in a move to prevent the spread of mad cow disease — which currently affects the United Kingdom and has thrown Europe into panic — Argentina banned imports of food, medicines, and cosmetics which are produced using bovine, ovine, or caprine components from countries where this disease is prevalent. After learning of Bovine Spongiform Encephalopathy [BSE] in 1990, Argentina issued a resolution banning imports of UK bovine semen, embryos, or milk.

The ANMAT, the Health Ministry regulatory body, issued Resolution No. 1422 banning all finished products or raw materials used in the processing of food or the production of medicines, cosmetics, or dietary supplements from "risk" countries.

Nevertheless, the list does not contain a precise list of all the banned products or all the risk countries. This lack of definition — which according to the appropriate organizations, is because the characterization of risk must be done on a case-by-case basis — is sure to cause turmoil among local importers. [passage omitted]

This piece of news shocked Buenos Aires importers of products that range from chocolates to brain cell extracts for medical use.

In practice, however, several resolutions will come into play when deciding which products each importer will be allowed to import. One consideration will be if the "country is free from BSE" (Senasa [National Service for Animal Health] will be in charge of this). Another consideration will be the factor of risk of transmitting the disease to humans for each product or raw material (to be assessed by a special commission).

To forestall any panic, ANMAT Director Pablo Bazerque told CLARIN newspaper: "This is an all-

encompassing regulation, but we are still assessing its implementation." Senasa Director Bernardo Cane explained: "We will conduct a case-by-case analysis of both product and country." [passage omitted]

Cane stated: "The resolution constitutes a sort of cautionary alert." Placing the country on "full alert" against a certain product would entail what is known as "recall," [preceding word in English] a withdrawal of that product from the market, which is not the case now.

Argentina: Inauguration of Mercosur Business Center

PY1004214196 Buenos Aires NOTICIAS
ARGENTINAS in Spanish 1110 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (NA) — Brazilian President Fernando Henrique Cardoso said: "Mercosur [Common Market of the South] will one day encompass the whole of South America." Cardoso stressed that not "one single dissonant voice" was raised during the meetings between Argentine and Brazilian delegations within the framework of integration agreements in the past few days.

Cardoso said this yesterday during a ceremony to inaugurate the Mercosur Business Center — an idea proposed by the Rio Grande Do Sul State Bank — that will facilitate relations between Brazilian and Argentine entrepreneurs.

The Brazilian president praised bilateral relations, stressing that both nations "know they have a common destiny."

Cardoso thanked legislators for their welcome during a reception at Congress one hour before.

Cardoso emphasized: "The welcome was not just for the Brazilian president, it was for the Brazilian people as well." [passage omitted]

Cardoso thus inaugurated the business office at 600 Florida Street, Federal Capital, which will be used as a center for business contacts.

The center will have the infrastructure and information necessary for conducting foreign trade operations, such as the identification of opportunities, legal and tributary advice, and meeting halls.

Argentina: Ukrainian Trawler Detained for Illegal Fishing

PY1004194496 Buenos Aires TELAM in Spanish
1327 GMT 10 Apr 96

[FBIS Translated Text] Buenos Aires, 10 Apr (TELAM) — The Argentine Coast Guard yesterday captured —

within Argentina's exclusive maritime zone — a trawler flying the Ukrainian flag for allegedly violating the National Fishing Law.

A communique issued by the Argentine Coast Guard today reports that the Coast Guard vessel "Prefecto Derbes" discovered the Ukrainian trawler "Desayata Pyaltietka" last night, fishing in Argentina's exclusive economic zone, 197 nautical miles off shore.

National Fishing Law No. 17,500 establishes that trawlers flying foreign flags require an authorization from the government for fishing within the 200-mile exclusive economic zone.

In light of this alleged violation, the Argentine Coast Guard captured the trawler and initiated violation proceedings, escorting the Ukrainian trawler to the city of Puerto Madryn. It is estimated that the trawler will arrive in Puerto Madryn on 11 April.

The Argentine Coast Guard reported that 215 metric tons of squid, 15 of which had still not been processed, were discovered in the hold of the "Desayata Pyaltietka" hold. Therefore, the trawler was captured.

Argentina: Brazilian President Assesses 'Positive' Visit

PY1004164196 Buenos Aires TELAM in Spanish
1351 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (TELAM) — Brazilian President Fernando Cardoso today characterized his official visit to Argentina as very positive. During his visit, Cardoso met several times with Argentina's President Carlos Menem, with whom he signed several bilateral agreements yesterday.

"On balance, the trip was very positive," Cardoso told journalists at the Jorge Newbery Airport military base. The Brazilian president returned to his country at 1015 on board a Boeing 737 of the Brazilian Air Force.

"This is a very important moment, and the fact that we are so close politically is a milestone in our bilateral relations," the Brazilian president said.

Cardoso said that there is "total coincidence among presidents and ministers, which consolidates the Mercosur [Common Market of the South] that will soon receive Chile and then Bolivia."

Cardoso said that Mercosur "is valued for its seriousness and is respected in Europe, Asia, and the United States. From now on, we will march toward hemispheric integration with more firmness and with an added capacity to defend our interests." [passage omitted]

Argentina: Brazil's Cardoso Sees Spain Ties as 'Priority'

PY1004175996 Madrid EFE in Spanish
1455 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (EFE) — In Buenos Aires today, Brazilian President Fernando Henrique Cardoso expressed special interest in enhancing Brazil's economic ties with Spain, a country that he described as a "gateway" to the EU.

Cardoso, who returned to his country today after paying an official three-day visit to Argentina, told EFE: "Bearing in mind the economic relations that we already have initiated and the significant Spanish community living in Brazil, Spain is essential for us."

Cardoso emphasized Spain's "economic turn, following its confirmation as a basic" EU "member." Therefore, Brazil "will assign priority" to its relations with Spain, he said. In this regard, Cardoso emphasized the "close friendship" between the two countries. [passage omitted]

Argentina: Investigation Into IBM Case, Ties With Brazil

PY1104034696 Buenos Aires TELAM in Spanish
1949 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (TELAM) — President Carlos Menem today stressed that the investigation into the alleged irregularities in the IBM-Bank of the Nation case is very clear proof that "absolutely nothing is concealed" in Argentina.

"Absolutely nothing is concealed here. It is not like in other times when this type of topic was taboo and they remained fully concealed," the chief of state said.

In remarks to Radio Municipal, Menem maintained that "the investigation is being carried out and if the charges that have been made are proved then the appropriate sentences will be handed down."

The president stressed that "the courts are already looking into" the charges regarding alleged irregularities in the Centenario Project contract to computerize the Bank of the Nation.

He then maintained that he favored "giving ample freedom to the judge (Adolfo Bagnasco) who is in charge of the case so that he can carry out his task." [passage omitted]

Menem also extolled the results of his recent contact with Brazilian President Fernando Henrique Cardoso, and he maintained that the energy integration between the two main Mercosur [Common Market of the South] partners is "going great."

"Brazil is very interested in purchasing electricity, for example the electricity that is produced by the Yacyreta Hydroelectric Plant. In this we agree with Paraguay: Use the electricity that we need and sell the rest to Brazil," he said.

Menem also highlighted the defense of Argentina's sovereign rights over the Malvinas Islands that the Brazilian president made when he addressed the Legislative Assembly.

"It was something that nobody had foreseen. Brazil has always been a friend, now more than ever, and that is a demonstration of this friendship," he said. [passage omitted]

Brazil

Brazil: 'Tension' With U.S. Over Foreign Trade Noted

PI1004001496 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Mar 96 Section 1 p 12

[Article by Carlos Eduardo Lins da Silva from Washington]

[FBIS Translated Text] Even though the tension has lessened over the past week — since the foreign trade ministers meeting in Cartagena de Las Indias, Colombia — Brazilian diplomats are still showing indignation over the attitude of the United States before the meeting.

The two countries ostensibly disagree over the schedule, the nature, the scope, and the implementation of the Free Trade Area of the Americas (FTAA).

Brazilian diplomats believe the tone of some important members of the Clinton Administration to criticize Brazil surpassed the limits of a cordial treatment between friendly countries that disagree.

At the Brazilian Embassy in Washington it is feared the truculent style of U.S. foreign trade can even jeopardize general bilateral relations, which are at an excellent stage.

Brazil was most irritated by a statement in Bogota on 8 March by Charlene Barshefsky, the second most important person at the office of the U.S. Trade Representative (USTR) — the U.S. Government's foreign trade organization.

In a clear remark about Brazil, Barshefsky asserted: "A substantive relapse (recurrence in error), tactic acting in bad faith, and procedural irresponsibility" can undermine efforts to construct the FTAA.

Barshefsky, a 45-year-old lawyer, is one of the rising stars of the Clinton Administration because she was able to extract from the PRC Government a promise to end

intellectual piracy. In practice, however, this promise has not resulted in much.

THE NEW YORKER magazine, which is the favorite of U.S. New Age [two preceding words in English] intellectuals, published two weeks ago an 11-page profile of Barshefsky, illustrated with photographs of her taken by talkative Annie Leibovitz.

Barshefsky led the U.S. delegation during the meeting of deputy trade ministers of the continent, which prepared the Cartagena meeting. Brazilian diplomats deemed her attitude in Bogota arrogant and petulant.

In an internal report on the deputy ministers' meeting, the U.S. Embassy in Bogota said that with the endorsement of the USTR, the meeting was characterized "by intransigence by Mercosur [Common Market of the South] and obstructionism by Brazil."

The sensation that the Barshefsky episode was not an isolated incident increased when the United States allowed Costa Rica to become a candidate to host the meeting of trade ministers of the continent in 1997.

During the previous meeting, in Denver in 1995, the Brazilian proposal to hold the 1997 meeting in Belo Horizonte was approved by acclamation. In the following months, however, Costa Rica proposed its candidacy to host the event.

There is an impression at the Brazilian Embassy in Washington that the United States quietly encouraged Costa Rica as a way to blackmail Brazil and force it to change its position on the FTAA.

One topic on which the two countries disagree refers to ways of achieving the FTAA. Brazil believes the Summit of the Americas, held in Miami in 1994, made it very clear that this would occur on the bases of already existing regional accords.

The United States prefers to avoid the building blocks [two preceding words in English] path because it has much more bargaining power when it negotiates with individual countries than with groups like Mercosur.

Another point of disagreement is the nature of the FTAA. The United States wants hemispheric integration accords to be more encompassing than those agreed upon to form the WTO, except on some issues that are of interest to it, such as agricultural products.

Brazil rejects this because it deems premature any further progress while the countries are still implementing what was agreed upon within the WTO.

The third disagreement is about the scope of the FTAA. The United States seeks to link trade integration to the

establishment of labor and environment standards that must be adopted by the entire continent.

Brazil is supported by Mercosur members and almost all South American countries in that to link trade, particularly to labor conditions, leads to protectionism and the erosion of its competitiveness in the international market.

Finally, the United States wants to accelerate the implementation of the FTAA while Brazil prefers to do it more slowly. Brazil believes the work conducted so far in Denver and Cartagena is too preliminary.

South American countries — which have only recently been engaged in unilateral trade opening programs — need time to allow their economies to adjust to these new programs.

Brazil believes it is rash to establish deadlines that cannot be complied with (and which may endanger the credibility of the process). The country considers it better to advance firmly toward the objective of hemispheric integration.

Experience with Mercosur has shown Brazil it is risky to try to implement over optimistic schedules: Implementing what is negotiated at meetings can be very difficult.

If Brazil continues to grow consistently and quickly until the end of this decade, as is expected, topics like workers' migration, transportation infrastructure, and social security coverage — among others — can become explosive within the framework of Mercosur.

Even though Argentina should, in principle, be Brazil's unconditional ally, for reasons of domestic policy it has adopted ambiguous positions on several items, particularly those linked to the schedule.

In Cartagena, however, Argentina ended up siding with Brazil, especially after the United States linked progress in bilateral negotiations on specific products imported by the United States which are subject to overtaxing, to the hemispheric integration process.

The domestic political context also helped to explain, at least partially, the U.S. rush over the FTAA. The Clinton administration has transformed trade into one of its most absolute priorities.

Lawyer Mickey Kantor, who is Bill and Hillary Clinton's personal friend, has been chosen to lead the country's foreign trade policy and has been doing so with almost imperial powers. His way of negotiating with Brazil, however, is not as rude as that of his subordinate Barshefsky.

Beside Kantor, two other important White House personalities are involved in the process: Thomas McLarty,

who has been Clinton's best friend since kindergarten, and Hugh Rodham, the first lady's brother.

McLarty, whose son lived in Belo Horizonte, has been a sort of Latin America's czar since Clinton was forced — for political reasons — to remove him from the post of head of the President's staff, because McLarty was considered too naive for Washingtonian circles.

Rodham had great political ambitions in Florida (in 1994 he ran for a Senate seat and lost). He has been promoting the idea of a summit meeting between Mercosur members and the U.S. Government in Miami later this year.

The idea of this summit, which is supported by Argentine President Carlos Menem, is considered risky by Brazil: Rhetorical interests may convince the summit to commit itself to a timetable that Brazil deems irresponsible.

Despite the priority given to the topic, trade is an area in which Clinton is being more criticized during his electoral campaign. NAFTA is one of ultra-conservative presidential candidate Pat Buchanan's favorite topics. Problems in implementing NAFTA have been giving Clinton many headaches.

Another reason why the United States wants to speed up the FTAA implementation is that the influence of Mercosur is increasing. In June, Chile will join Mercosur. In 1994, Clinton announced that NAFTA would absorb Chile, but this has not occurred yet.

It is evident that the United States also has strategic reasons for its position on the FTAA. It is very important for them to maintain economic and commercial leadership over the continent in the medium and long terms.

Also for strategic reasons, Canada may become Brazil's best ally: A more interdependent FTAA would assuage the U.S. preponderance over Canadian culture and economy.

The results of the Cartagena meeting are generally favorable and have helped to reduce U.S. prejudices against Brazil. The building blocks concept has been maintained, no date for the implementation of the FTAA has been established, and the environmental issues will be examined by a continental study group, which will only begin work after September when the WTO will reach conclusions about the issue.

The vigorous opposition of other countries in Cartagena to the idea of linking labor and the environment to trade seems to have shown the United States that Brazil is not obstructing anything, merely interpreting the points of view of the neighboring countries.

Even though tension has lessened, there is no doubt the FTAA will continue to be a difficult topic in relations between Brazil and the United States, although until a few months ago these relations seemed free of obstacles.

Brazil: Planalto Palace Expenditures Up Under Cardoso

PY1004175896 *Sao Paulo FOLHA DE SAO PAULO in Portuguese 2 Apr 96 Section 1 p 4*

[Article by Daniela Pinheiro in Brasilia]

[FBIS Translated Text] Under President Fernando Henrique Cardoso, the cost of running Planalto Palace is higher than during former President Itamar Franco's days (1992-94).

A confidential report by the Presidency of the Republic reveals that expenditures for the entire administrative area have increased: Transportation, food, communications, and security services have been costing more.

These increased expenditures are being financed by a more generous budget. From 1994 to 1995, the volume of resources obtained by the Presidency of the Republic increased by 126 percent.

In his last year in office, Franco had 37 million reais [R] for these expenditures. Cardoso began his period in office with R89 million. This year, the volume of resources increased by 10 percent, i.e., a total of R98 million.

The document, entitled "1995 Performance Report," notes — without mentioning expenditures — that Cardoso's frequent trips abroad are 171 percent more numerous than those of Franco.

In 1994, Franco traveled seven times. Cardoso left the country 19 times last year.

Cardoso also toured the country more often: 38 times instead of Franco's seven times. FOLHA found out that Planalto Palace is drafting a report with all the expenditures resulting from Cardoso's trips during the past 15 months.

Nearly R6 million of the R8 million earmarked for the communications area was used in 1995 for security equipment. The radio and telephone systems have been updated.

The greatest advantage is that, during his trips, Cardoso has a sort of "direct frequency" communications system between his plane and Planalto Palace. This allows him to be contacted even in areas where radio wave reception is poor.

The security team has received new communications equipment and the phone system reveals any type

of irregular tapping. Equipment to "scan" [varredura] places that will be visited by Cardoso has also been purchased.

Some 20 percent more biddings have been conducted during Cardoso's first year in office. Last year, 1,238 types of biddings were registered.

Price consultations have increased after the administration was transferred to Cardoso: 51 consultations have been made since his installation, as opposed to the 27 registered in 1994.

Cardoso and his team have also spent more on fuel. Last year, the administration used 342,000 liters of fuel alcohol and 102,000 liters of gasoline. The increase totaled some 15 percent. Most of the cars at the service of Planalto Palace are at least four years old.

The Presidency of the Republic has spent at least R3 million on meals.

Dinners in Brazil and abroad, receptions, lunches in Planalto Palace's three restaurants, and food for Planalto Palace employees totaled 580,000 meals. In 1994, only 350,000 meals were served at Planalto Palace.

The report attributes the increase in expenditures to the functioning of the Community in Solidarity program and to the fact that there is a Vice Presidency of the Republic, which did not exist in Franco's days.

Brazil: Central Bank, Excel Bank Reach Accord on Economico

PY0904234996 *Rio de Janeiro JORNAL DO BRASIL in Portuguese 4 Apr 96 p 14*

[FBIS Translated Text] Sao Paulo — The Economico Bank will reopen its 280 offices on 29 April for all financial operations. After four months of negotiations, the Central Bank [BC] and the Excel Bank reached an accord on 3 April. The latter will purchase the Economico Bank using its own resources, plus government resources, institutional investors' resources, and resources of a foreign partner, the Union Bancaire Privee bank.

This was announced on 3 April at the end of a meeting between BC and Excel representatives at the BC building on Paulista Avenue, Sao Paulo. The news was reported in a short communique that did not clarify details of the purchase or about the assets of the new bank resulting from merging of a retail bank — the Economico — with a commercial bank that is restricted to operations with corporations — the Excel. The communique only reported that the basic points for the reopening of the Economico Bank have been agreed upon.

"The two institutions will draft the legal contract and send the document to the Senate next week," Excel spokesman Mauro Lopes said.

According to the official communique released on 3 April, the text of the agreement will be sent to Senate in accordance with the terms of Provisional Measure 1334. The Excel directors will go to Brasilia on 8 April.

The communique also states that Excel will absorb the Economico Bank debts with the public — deposits, savings passbooks, and investments — as well as with the foreign creditors. The communique clarifies that Excel will receive assets totaling an amount equivalent to that of the debts. The guarantee the government gives that it will transfer to Excel sums equivalent in assets and liabilities has been fundamental to reach the final agreement.

In addition to this guarantee, the BC is willing to lend 200 million reais [R] for the reorganization of the Economico-Excel institution, Lopes added. The resources will come from the Program to Encourage the Reorganization and Strengthening of the National Financial System (Proer). Another BC credit line will be at the disposal of the new bank to cover possible withdrawals by account holders and to ensure the Economico-Excel liquidity.

Excel will contribute with R230 million for the establishment of the new bank. A group of pension funds that has R250-million in loans to receive from the former Economico Bank will also join the business and convert these resources in shares of the new organization. The Swiss bank, Union Bancaire Privee, will inject R70 million more. A U.S. group linked to financial investments may also buy shares of the Economico-Excel bank.

The BC will probably grant two credit lines to the Excel. One linked to Proer, with interest rates of 12 percent per year plus the TR [Reference Interest Rate] and with payments in three years. This money will be earmarked for the modernization of the institution. The other credit line, which will ensure the Economico-Excel liquidity in face of possible withdrawals, will pay 0.5-percent interests per year, plus TR in the first 12 months. The first index, however, will have a progressive growth until it reaches 4 percent in the fifth year of the loan.

The last meeting of BC President Gustavo Loyola and BC and Excel directors seeking to fix details for the transaction has lasted more than eight hours. Excel President Ezequiel Nasser and Vice Presidents Gilberto Nobre (international area) and Joao Rabello (national area) have also attended the meeting.

Brazil: Sivam Project Seen as Headed for 'Oblivion'
PY1004145296 Sao Paulo FOLHA DE SAO PAULO
in Portuguese 8 Apr 96 Section 1 p 2

[Editorial: "Sivam — Amazon Region Surveillance System — in Limbo"]

[FBIS Translated Text] During a recent Senate super commission investigation into irregularities in the Sivam project, Senator Antonio Carlos Magalhaes (PFL-BA) [Liberal Front Party-Bahia] — the super commission chairman — said, when referring to the strong suspicion surrounding the project, that he believed Sivam was already "dead." At that time, everything indicated that the project was seriously jeopardized.

However, a few weeks later, the group of senators led by Magalhaes himself decided to approve Sivam. Responding to pressure from Planalto Palace, which, with incomprehensible persistence, has insisted on the project, the government senators — the majority in the super commission — resuscitated the "dead."

Deputy Arlindo Chinaglia (PT-SP) [Workers Party-Sao Paulo] now advocates creation of a CPI [Congressional Investigative Committee] to investigate Sivam in the Chamber of Deputies. He already has the support of 182 deputies (11 more than the number of votes needed to create a CPI, according to Chamber of Deputies' regulations). Considering that two CPI's are at work (the ones looking into pension funds and medicines), and 14 others waiting to be installed, everything seems to indicate that the Sivam case will be placed in the limbo of oblivion.

The facts of the matter are that the executive branch has not yet proven that Sivam is a national priority.

Brazil: Panamsat, Galaxy Satellite Services Viewed
PY1104020596 Sao Paulo GAZETA MERCANTIL
in Portuguese 8 Apr 96 p C6

[Article by Heliosa Magalhaes]

[FBIS Translated Text] Panamsat is hailing its first satellite signal transmission from Brazil to foreign countries. The enterprise sent to Germany coverage of the Formula 1 race on 31 March. For the enterprise, it was a double conquest. On the one hand, the enterprise showed that Panamsat 3, its new satellite, can render services to Brazilian clients. On the other, the transmission had political significance, because the enterprise, which started operating in Brazil without any previous agreement with Embratel [Brazilian Telecommunications Company], wants to negotiate joint operations with the Brazilian state-run company.

Panamsat has ambitious plans in Brazil. Alvaro Gaz-zolo, Panamsat vice president for Latin America, said the idea is to render telecommunication services, but while there are no clear definitions in this area, the strategy is to conquer clients among the enterprises using satellites to render the so-called "value-added services." This expression was coined by the Communications Ministry to refer to services in which a satellite is only a transmission device.

Embratel President Dilio Pinedo, who met with Panamsat executives, said: "It is still too early to say anything. Embratel is talking with other operators, including Argentina's Nahuelsat, but it is necessary to wait for the approval of the law that Congress is debating on."

For the time being, foreign operators who want to work in Brazil can resort to satellites for rendering added value services. This includes, for example, bank services to clients, teleshopping, voice mail, and satellite direct-to-home cable television.

In the first half of 1996, NetSat, the partner of Organiza-coes Globo and News Corporation, will begin rendering DTH services through Panamsat. It will start to operate through Panamsat 1. As of the start of 1997 it will operate through Panamsat 3, a new satellite with which the U.S. enterprise will cover South America.

This is not the only enterprise that wants to offer satellite services. Unlike Panamsat, Galaxy Latin America is not planning to render telecommunication services in Brazil. Galaxy has already a proposal, to be submitted at the end of the year, for rendering added value services. Galaxy is the partner of TVA, of the Abril group, in DTH services, which are scheduled to start in May. By the end of the year Galaxy would like to be using the facilities for television transmissions to connect personal computers to Internet.

As an enterprise that originated within the Hughes Corporation (of General Motors), "Galaxy led technological development efforts to connect cable television systems to the world computer network," said Jose Antonio Rios, Galaxy president for Latin America. He said that at the end of March he signed an agreement with Microsoft to develop the software and hardware needed for the service.

Galaxy and Panamsat submitted their proposals for Brazil and Latin America at Brazil Link 96, a fair focusing on cable television that ended on 5 April in Sao Paulo. The two companies will offer services in Brazil through the Ku band, a frequency that Embratel does not have on its domestic satellites. Embratel and Intelsat (a world consortium of which Embratel is a member) have agreed to operate in this band.

Brazil: CPI on Banks Not Affecting Cardoso's Popularity

PY1004184096 Rio de Janeiro JORNAL DO BRASIL in Portuguese 9 Apr 96 p 1

[FBIS Translated Text] Recent events, such as the administration's bargaining with congressmen over approval of the social security reform and the aborted effort with regard to the CPI [Congressional Investigating Committee] that was to look into irregularities in the banking system, have not compromised President Fernando Henrique Cardoso's image. A Vox Populi poll, which is being published exclusively by JORNAL DO BRASIL, was conducted in eight Brazilian capitals on 30 and 31 March. The poll, during which 5,172 people were interviewed, shows that the Cardoso administration has good levels of approval in the southeast region: 74 percent in Belo Horizonte, 70 percent in Sao Paulo, and 66 percent in Rio de Janeiro. In Porto Alegre and the northeastern region capitals, however, the president's degree of popularity is lower. The sum of "regular, negative, bad, and extremely bad" indexes reaches the highest level in Porto Alegre (50 percent), followed by Fortaleza (45 percent) and Recife (43 percent). The poll also evaluated the performance of eight governors and indicates that Rio de Janeiro Governor Marcello Alencar has already recovered, at least partially, his credibility with voters. Alencar, who had been criticized by 86 percent of the Rio de Janeiro dwellers after this year's summer floods, is now supported by 54 percent of the people living in Rio de Janeiro state.

Brazil: Patent Bill Approved; Vote Set for Some Articles

PY1004151896 Sao Paulo AGENCIA ESTADO in Portuguese 2346 GMT 9 Apr 96

[FBIS Translated Text] Early this evening the Chamber of Deputies approved the opinion of Deputy Ney Lopes (PFL-RN) [Liberal Front Party-Rio Grande do Norte] regarding the Patent Bill. Since the congressmen did not reach an agreement regarding the main changes approved by Lopes — mainly part of the PMDB [Brazilian Democratic Movement Party] and the ruralist bloc — the bill was approved except for some separate articles. Chamber of Deputies President Luis Eduardo Magalhaes (PFL-BA) [Bahia] stipulated that the separate articles be voted on next week.

The most important separate articles are the ones on the pipeline (retroactive acknowledgement of a patent for a product that has not yet been placed on the market in any country) and the patent on microorganisms. "We cannot approve these points because they were not clear enough for our bloc," said PMDB first deputy leader Deputy

Gedel Vieira (BA). The PMDB also presented separate articles in favor of parallel importation of products and of the obligation to locally manufacture a patented product.

Debate on the draft patent bill began in the Chamber of Deputies in 1991, during the Collor administration. In 1993 the bill was approved and sent to the Senate, where it suffered deep changes because it was forced to include some of the rules approved by the GATT Uruguay Round of Talks in 1994. The Trips [Trade-Related Intellectual Property Rights] Agreement, which deals with the commercial aspect of intellectual property rights and which was negotiated within the framework of the GATT Uruguay Round of Talks, established rules that most countries did not have in their national laws.

Deputy Ney Lopes said he does not believe that his opinion will be modified by the separate articles presented by the opposition. "The bill will be approved with the main changes made by the Senate because it represents the future of our country," he said. PMDB and ruralist bloc members fear that with the possibility of patenting microorganisms, agricultural producers will be subject to the prices charged by the large agricultural multinational companies. "We are signing a blank check," said Deputy Valdir Colatto (PMDB-SC) [Santa Catarina].

With the approval of the bill — and if the separate articles are not approved — Brazil will be withdrawn from the list drawn by the U.S. Trade Representative (USTR) of countries that do not have an intellectual property rights law. The USTR included Brazil on the list last year, and after extensive negotiations, it postponed the term for inclusion of Brazil on the list of countries likely to suffer trade sanctions for not having a patent rights bill.

Lopes' opinion maintains the original terms of the bill approved by the Chamber of Deputies five years ago. Patents for products will be valid for 20 years and utility model patents (industrial casts and pharmaceutical diagnostics, among others) will be valid for 15 years.

Brazil: Senate To Analyze Amendments to Sivam Bill

PY1104033396 Sao Paulo AGENCIA ESTADO
in Portuguese 0013 GMT 10 Apr 96

[FBIS Translated Text] Brasilia, 10 Apr (AE) — Today was the last day for presenting amendments to the bill approving the Amazon Region Surveillance System (Sivam) as recommended by Senator Ramez Tebet (PMDB-MS) [Brazilian Democratic Movement Party-Mato Grosso do Sul]. Eight changes to the bill were presented and they will be examined next week by

the Special Senate Committee examining the Sivam. Tebet will accept only one amendment presented by Senator Ronaldo Cunha Lima (PMDB-PB) [Paraiba] which obliges the National Accounting Office (TCU) to survey all the procedures related to the installation of the system. Tebet himself suggested this measure in his report.

The most controversial amendment was presented by Senator Osmar Dias (independent-Parana) which obliges the government to call to a public bid to contract suppliers and other participants in the project. Senator Gilberto Miranda (PMDB-AM) [Amazonas], chairman of the Economic Affairs Committee, appointed Senators Eduardo Suplicy (PT-SP) [Workers Party-Sao Paulo] and Pedro Simon (PMDB-RS) [Rio Grande do Sul] to ask the TCU for information on the status of the Sivam investigation. The senators will discuss the issue with TCU member Adhemar Ghisi in the next few days.

Brazil: Cardoso Admits Candidacy for Reelection

PY1004184296 Rio de Janeiro Rede Globo Televison
in Portuguese 1615 GMT 10 Apr 96

[Recorded passages in quotation marks]

[FBIS Translated Text] Immediate reelection. This is the proposal that President Fernando Henrique Cardoso made in Argentina.

An amendment that is being debated in Congress can permit the reelection of mayors, of governors, and of the president. Yet both government and opposition leaders fear that there will be no time to enforce the change for the elections in 1996.

Who will be the next Planalto Palace chief? The answer will be given in the elections in 1998. President Fernando Henrique Cardoso, however, wants Congress to immediately decide whether he will be able to run for reelection. The Constitution currently forbids the reelection of the president.

The amendment, however, permits the reelection of the president, governors, and mayors.

Not even Deputy Mendonca Filho, the lawmaker who drew up the amendment bill, believes it is a priority issue:

[Mendonca Filho] "I have always said that the constitutional reforms are more urgent."

This is the first time that the president has admitted that he is a candidate for reelection. The amendment that will allow him to run still has to be studied by a special committee that has not yet even been installed,

and it has to pass two voting sessions in the Chamber of Deputies and in the Senate.

The president wants the amendment to be approved immediately, so that current mayors may run for reelection on 3 October.

The opposition has criticized the proposal for immediate reelection:

[Workers Party Deputy Jose Genoino] "Reelection is necessary for those who will be elected in the future. Debating it now will jeopardize the country's list of priorities, both with regard to the reforms and the administration of the economy."

Even government allies agree with the opposition:

[Liberal Front Party Deputy Inocencio Oliveira] "The time period is short, and it is very difficult for the amendment to be approved this year. I still believe that 1997 is the best period."

Brazil: Cardoso Addresses Reelection Issue in Buenos Aires

PY1004215996 Sao Paulo AGENCIA ESTADO
in Portuguese 1915 GMT 10 Apr 96

[FBIS Translated Excerpt] Buenos Aires, 10 Apr (AE) — President Fernando Henrique Cardoso today asked politicians to discuss a reelection proposal without thinking of his possible candidacy for a second mandate. "To think of reelection makes no sense to me as a person," he said. "It makes sense for the country to know which is the best institutional manner (of electing a president) and that must be discussed frankly."

A little before leaving Argentina, concluding his official two-day visit, Cardoso again said reelection is a matter that pertains to Congress and that he is not thinking of becoming a candidate. "I am not worried with that, not at all," he said, without clearly establishing what position he will assume before the possibility of running for a second mandate. "The presidential candidates may remain calm because they will have time to gain strength before their electors and run the race with an advantage." [passage omitted]

Brazil: Cardoso Asks General To Create Intelligence Agency

PY1104001896 Brasilia Voz do Brasil Network
in Portuguese 2200 GMT 10 Apr 96

[Report by Lourival Macedo in Brasilia]

[FBIS Translated Text] The Planalto Palace military staff will be charged with creating the Brazilian Intelligence Agency (Abint).

President Fernando Henrique Cardoso has transferred the task of creating Abint from the jurisdiction of the presidential secretary general to that of General Alberto Cardoso, chief of the Planalto Palace military household.

Upon deplaning at the Brasilia air base on his return from Argentina, where he took part of President Cardoso's entourage, Gen. Cardoso said the shift of responsibility in drafting the proposal was based on the fact that he has more time to do it than Secretary General Eduardo Jorge Caldas.

Gen. Cardoso said Abint will not be based on a military ideology and noted that it will operate on three levels.

[Begin Gen. Cardoso recording] In any intelligence agency in the world, intelligence work entails compiling information received through various government and nongovernment sectors, processing and monitoring current events and developments; and, like an encyclopedia, keeping files that can be used to prepare reports for the administration. [end recording]

Gen. Cardoso said that, contrary to what the old SNI — National Intelligence Agency — used to do under the military regime, Abint will not seek to pry on the lives of Brazilian citizens. He said that phone wiretappings, when necessary, will be performed only with a court authorization.

Brazil: Egypt's MENA To Disseminate News on Brazil

PY1104014096 Brasilia Voz do Brasil Network
in Portuguese 2200 GMT 10 Apr 96

[FBIS Translated Text] Mauirilio Ferreira Lima, Radiobras [Brazilian Radio Broadcasting Company] president, has signed an agreement with an Egyptian news agency to disseminate news about Brazil in the Middle East.

Radiobras will soon start broadcasting news on Brazil in the entire Middle East region. Today, Ferreira Lima signed an agreement with the Cairo-based MENA [Middle East News Agency], which is the most important in Asia and Africa.

The agreement provides for a daily exchange of news via fax between AGENCIA BRASIL and MENA. The agreement also includes the exchange of documentaries, annual reports, cover stories, photographs, and investigative press reports.

Ferreira Lima said this agreement will help to improve Brazil's image abroad. He said:

[Begin recording] Brazil only appears in international news reports whenever drug traffickers wreak havoc in

Rio de Janeiro or our children are slaughtered. Brazil is not just that. We have positive things too. For a long time developing countries have harbored a strong desire to intensify relations by exchanging information. [end recording]

MENA President (Mustafa Nagib) said he hoped the agreement will be extended to include other areas and include radio and television.

Brazil: Patent Bill Approved Without Changes

PY1104011296 Sao Paulo AGENCIA ESTADO
in Portuguese 0002 GMT 11 Apr 96

[Report by Aldo Renato Soares]

[FBIS Translated Text] Brasilia, 10 Apr (AE) — The Chamber of Deputies today rejected all the separate articles presented by the opposition to modify the patent bill as recommended by Deputy Ney Lopes (PFL-RN) [Liberal Front Party-Rio Grande do Norte] and as approved by the Senate. President Fernando Henrique Cardoso will sign the bill in the next few days.

The only separate article that was voted on symbolically [by a party leaders agreement] was the one that attempted to restrict the patenting of microorganisms, which was one of the most controversial points. The government won by 254 votes to 190. Other separate articles on the pipeline (retroactive acknowledgement of a patent of a product that has still not be placed on the market in any country) regarding local manufacturing and parallel importation of a product were also rejected during the symbolic voting session.

The Chamber of Deputies will vote tomorrow on the final text of the bill which maintained all the changes made to it by the Senate in its basic points. The only separate article that was approved was one that revokes a current industrial property law that establishes that a similar product must be registered in the Health Ministry.

This obligation was revoked because once the new patent bill comes into effect, Brazil will have to acknowledge patents of pharmaceutical products. The current law does not allow the patenting of pharmaceutical, chemical, and food products. The new law establishes that all patents must be registered in the National Institute of Industrial Property (INPI).

Brazil: General Outlines New Intelligence Agency Role

PY1104033096 Sao Paulo AGENCIA ESTADO
in Portuguese 0007 GMT 11 Apr 96

[Report by Tania Monteiro]

[FBIS Translated Text] Brasilia, 10 Apr (E) — Yielding to military pressure, President Fernando Henrique Cardoso has transferred the entire intelligence area from the jurisdiction of the secretary general of the presidency to that of the military household chief, who will also be tasked with drafting a proposal creating the Brazilian Intelligence Agency (Abint) and with evaluating the background of those people appointed to government posts. General Alberto Cardoso, chief of the military household, jokingly said: "I am olive green with excitement to get this work started." He added that he is prepared "to put his heart and soul into this project."

Gen. Cardoso, who is now responsible for the area of intelligence, today said that in addition to keeping the president well-informed, Abint will be alert to detect threats to state security that could endanger the Brazilian sovereignty, authority, or social structure. In this endeavor, Abint will devote special attention to collecting information about organized crime, narcotrafficking, and terrorism. He said: "This is natural because all this is already being done by every intelligence agency in the world."

According to Gen. Cardoso, Abint could be subordinated to the Chamber of Foreign Relations and National Security [Camara de Relacoes Exteriores e Seguranca Nacional], which President Cardoso plans to create. Abint, which could be presided over by either a civilian or a military, will process information filtered through the ministries, other government bodies, as well as by nongovernment organizations. The number one objective, Gen. Cardoso said, is to keep the president well informed.

Gen. Cardoso noted that President Cardoso does not want an intelligence service that would entertain a certain ideology, and does not want it to perform anything outside the law. To this end, a draft law establishing the guidelines for Abint operations will have to be submitted to Congress. Gen. Cardoso said: "The president does not want an intelligence service to get involved in any police operation." He noted that information must be obtained through scientific procedures.

Gen. Cardoso said: "The president wants the intelligence agency to be a nonpolitical body that should not promote anything through its documents, that should be eminently technical and unbiased in its conclusions,

without endorsing any trend whatsoever." According to the military household chief, Abint will not "pry" into anyone's privacy. He admitted, however, that Abint may resort to phone wiretappings to obtain information.

Gen. Cardoso made it clear, however, that wiretappings could be performed only if a court authorization has been obtained. He said: "Everything will have to be done in accordance with the law." He added that Abint will work jointly with other intelligence organizations in existence within the administration such as the Federal Police and military police forces in the states. The general insisted on stating that the president of the Republic will be Abint's main consumer. He noted that in preparing a comprehensive report, Abint may obtain information from other bodies.

Brazil: Roundup of Economic Reports Through 9 Apr

PY1004224796

[FBIS Report] The following is a compilation of reports on economic activities in Brazil monitored through 9 April.

Basic Leading Indicators

Compared to the same period last year, the Brazilian GDP dropped by 1.9 percent from January to March 1996. In 1995, the GDP grew only 4.1 percent, although it started the year at 10.4 percent. The drop this year is a result of a 7.1-percent drop in industrial activity and a 0.6-percent drop in agricultural and livestock activities. In the area of services, however, activities increased by 2.5 percent. (Sao Paulo FOLHA DE SAO PAULO in Portuguese 3 Apr 96 Section 2 p 5)

A poll by the Brazilian Institute of Geography and Statistics, IBGE, reveals that, compared to February 1995, unemployment in February increased by 37.4 percent. The poll was conducted in Recife, Salvador, Belo Horizonte, Rio de Janeiro, Sao Paulo and Porto Alegre. It indicates that more than 50 percent of the 1 million unemployed people and people performing informal jobs live in Greater Sao Paulo. Official data shows the number of unemployed people in the metropolitan region of Sao Paulo increased by 60 percent in 12 months. IBGE researcher Shirlene Ramos reported that 46.57 percent of the labor market is currently performing informal jobs. (Sao Paulo GAZETA MERCANTIL in Portuguese 4 Apr 96 p A5)

Compared to the same period in 1995, the sale of Brazilian-made vehicles increased by 13.77 percent from January to March to total 335,216 units. The vehicle-manufacturing area had record levels of production and sales in the three first months of this year. The

automotive industry must now increase exports to comply with the estimated 16-percent production increase forecast for 1996. The March-1996 production totaled 148,362 vehicles and was 1.57 percent down on March 1995 production. (Sao Paulo AGENCIA ESTADO in Portuguese 2204 GMT 4 Apr 96)

The IBGE has announced that Brazilian industrial production dropped again in February (minus 0.5 percent) and, compared to the first two months in 1995, shows an accumulated drop of 7.5 percent in January and February. Compared to February 1995, industrial production decreased by 6.4 percent in February. Industrial stagnation, however, did not affect all areas of the economy: Automotive production increased by 12.6 percent; television, radio, and sound equipment production increased by 13.1 percent; and motorcycles production by 22.2 percent. The main reason for the decrease in industrial production in other areas — such as textiles (minus 22.5 percent) and chemicals (minus 6.7 percent) — is the increasing amount of imported foreign products. Food production, however, although having a minus 6 percent growth in February was still 12.7 percent higher than in January and February 1995. Most of the drop in this area can be attributed to a 58 percent drop in the production of orange juice in February compared to January. Production in the mechanical area dropped by 31.6 percent in January and February because the agricultural equipment production dropped by 57 percent and industrial equipment production dropped by 28.6 percent. (Rio de Janeiro JORNAL DO BRASIL in Portuguese 5 Apr 96 p 13)

Toledo & Associados conducted a national poll on unemployment. Three different segments of the Brazilian society were interviewed: People in general, entrepreneurs, and public opinion shapers. The results were the following: To the question about which Brazilian problem the federal administration should solve first, 41 percent of people in general and 38 percent of public opinion shapers answered that the creation of jobs problem should be solved first, while only 17 percent of entrepreneurs consider this a priority. Regarding the need for a fiscal and tax reform, 24 percent of entrepreneurs consider it very necessary and 19 percent consider it necessary to support microenterprises. Inflation control and the need to continue the Real Plan were deemed important by 22 percent of public opinion shapers and 12 percent of the people in general. When asked which three Brazilian problems the federal administration should solve first, the people in general answered as follows: Creation of jobs (76 percent), control over inflation and continuity of the Real Plan (41 percent), and agrarian reform (36 percent). Entrepreneurs answered as follows: Fiscal and tax reform (58 percent),

creation of jobs (52 percent), and support to microenterprises (49 percent). Public opinion shapers gave the following answers: Creation of jobs (78 percent), agrarian reform (44 percent), and fiscal and tax reform (42 percent). (Sao Paulo O ESTADO DE SAO PAULO in Portuguese 7 Apr 96 p B2)

The Sao Paulo Industries dismissed 18,274 workers in March, which resulted in a 0.87 percent drop in the employment level. Since January, 72,017 jobs have been eliminated. During in the first three months in 1995 only 34,600 jobs were eliminated. In January 1996 alone, 28,842 workers were dismissed and in February 24,901 more were dismissed. Nevertheless, 11 different industrial areas have hired as many workers as they dismissed in the period. (Sao Paulo AGENCIA ESTADO in Portuguese 2305 GMT 8 Apr 96)

Financial Operations

On 3 April, Parana Governor Jaime Lerner attended the inauguration ceremony of a soybean-crushing unit at the Campos Gerais Cooperative Center (Coopersul), in Guarapuava, in the southern part of Parana state. The unit has a 12,500 square meters covered area and required investments totaling \$16 million. The unit can process 1,200 metric tons of soybean per day, 950 metric tons of soybean pellets, and 220 metric tons of semi-refined soybean oil. Coopersul comprises the Agraria, Batavo, Castrolanda, Capal, and Witmarsum cooperatives, and has 2,623 associated members and 2,897 employees. The profit of the group totaled nearly 694.2 million reais, R, last year and its net assets currently total almost R248 million. (Sao Paulo AGENCIA ESTADO in Portuguese 2327 GMT 3 Apr 96)

The Semp Toshiba company has established a joint venture with the Lince Informatica Company to produce electronic notebooks and desktops. The idea is to make it easier to introduce Toshiba products in the Brazilian market. The transaction requires an initial investment of \$20 million and is expected to yield \$100-million in sales in the next three years. The accord for the joint venture was signed by Semp Toshiba Vice President Afonso Antonio Hennel and Lince President Marcos Di Lascio, who will be president of the new enterprise. (Sao Paulo AGENCIA ESTADO in Portuguese 2342 GMT 3 Apr 96)

Although privatized one year ago, the Brazilian Aeronautics Company, Embraer, is still in crisis. In 1995, the company made a 1292 million loss. Its voting shares, which were sold for R64 per thousand shares at the privatization auction, are currently worth only R4. The main problem has been the failure of the 19-passenger CBA-123 plane which, although of extremely

good quality, is too expensive and could not compete with its Canadian rival. The hopes of Embraer are now pinned on the EMB-145 plane which is similar to the CBA-123, but a great deal cheaper than the Canadian rival. (Rio de Janeiro O GLOBO in Portuguese 7 Apr 96 p 42)

Fiscal, Monetary Issues

The social security system had a R100-million deficit in March. This is the third consecutive monthly deficit this year. The revenue from contributions stood at R2.8 billion and expenditures stood at R2.9 billion. The main reasons for this are the drops in inflation and in economic growth, and the increasing number of informal workers, who do not contribute to the system. (Sao Paulo AGENCIA ESTADO in Portuguese 0000 GMT 8 Apr 96)

Although collection of the Goods and Services Circulation Tax, ICMS, in the first three months of the year continued to increase, Fiscal Collection Coordinator Clovis Panzarini is worried about the declining rhythm of the revenue. From January to March, R3.690 billion were collected in taxes, which represents a 2.1 percent increase on the same period in 1995. The average increase has been dropping from 15.6 percent in January to 14.8 percent in February and 10.9 percent in March. Nonetheless, Panzarini is happy about the 20.4 percent increase in tax collection on fuel, which resulted from an effort to prevent tax evasion. ICMS collection in January and February on vehicles and car parts increased by 70 percent, and on supermarkets by 67.5 percent, although ICMS collection on car-distributing companies dropped by 33 percent in the same period. (Sao Paulo AGENCIA ESTADO in Portuguese 1640 GMT 8 Apr 96)

Trade Issues

Trade exchange among the four countries that comprise the Common Market of the South, Mercosur, increased from \$3.5 billion in 1991 to more than \$13 billion in 1995. Nearly 76 percent of this represents trade between Brazil and Argentina. Foreign Minister Luiz Felipe Lampreia said Mercosur imports from other parts of the world have also increased. In 1995, Argentina had a surplus of \$529,116,350 in its trade with Brazil: It exported \$5,570 million and imported \$4,041 million. In crude oil alone, Argentina exported to Brazil \$600 million compared with \$117 million in 1992. It exported \$607 million in vehicles to Brazil compared with \$365 million in 1994. Brazil exports to Argentina also increased in vehicles parts (from \$130 million in 1994 to \$172 million in 1995) and diesel engines (\$77 million in

1994 to \$125 million in 1995). (Rio de Janeiro JORNAL DO BRASIL in Portuguese 7 Apr 96 p 19)

Slobodan Radovic, Yugoslav car manufacturer Zastava vice president, has reported that the company has signed a contract for the export of 3,000 vehicles to Brazil and 500 to Ecuador. Radovic said his company is negotiating the assembly of its vehicles in Costa Rica, "from where vehicles would be sold to other countries of the continent." (Buenos Aires TELAM in Spanish 1128 GMT 9 Apr 96)

Chile

Chile: FPMR Members Attack Prison Police School; 2 Killed

PY1004210196 Madrid EFE in Spanish
1621 GMT 10 Apr 96

[FBIS Translated Excerpt] Santiago, 10 Apr (EFE) — Official sources have confirmed that terrorist violence, which was believed to have been virtually extinguished in Chile, resurged today with an attack on a police building in which two people were killed and one was seriously injured.

Police sources confirmed that the attack on the National Prison Police School building in Santiago was perpetrated by two members of the defunct Manuel Rodriguez Patriotic Front (FPMR) who were sought by the police in connection with an armed robbery several weeks ago.

The attack occurred at 0744 (1144 GMT) at the National Prison Police school building in the southern district of the Santiago downtown area, about 4 km from the La Moneda presidential palace. One of the attackers and one school guard were killed in the attack, while a second guard sustained serious injuries.

The police reported that two men approached the two guards under the pretext of seeking an address. They suddenly opened fire at point-blank range on the guards who returned the fire.

One of the attackers died in the shootout and the two guards were injured. One guard, Alex Villagran Parinao, 22 years, died on the way to the hospital.

Hospital sources added that the other guard, Miguel Millar Inostroza, is in serious condition but his life is not in danger.

Originally the dead attacker was identified as Jorge Arnaldo Saldivia Espinoza, 26 years old, an old FPMR member who was on parole since 1991. Nevertheless, doubts have been raised about his identity which is currently under investigation.

The fugitive, who is apparently injured, was identified as Francisco Diaz Trujillo, also an FPMR member, who

in October 1992 was one of the protagonists of a fierce escape of extremists from the Santiago jail in which three inmates were killed and three police guards were injured.

Saldivia and Diaz Trujillo appear on a list of six former terrorists sought by the authorities for their involvement in a gang of thieves which perpetrated numerous holdups in Santiago and other cities in the last few months.

The police suspect former terrorists and common criminals are working together in view of the techniques being used in the holdups which are characteristic of subversive groups. At least three former FPMR members who were common criminals have been recently arrested.

The reason for today's attack is still unclear. A high-ranking Carabineros (military police) officer reported that apparently the attackers wanted to steal the guns from the Prison Police guards.

Justice Minister Soledad Alvear, who visited the site of the attack, stated that beyond the reasons behind the attack "it is a condemnable and unjustifiable act because violence has no place in Chilean society." [passage on background material omitted]

Chile: Domestic Reaction to Helms-Burton Law Noted

PY1104011096 Santiago EL MERCURIO in Spanish
7 Apr 96 p D7

[Article by Juan Araya]

[FBIS Translated Excerpt] President Bill Clinton's administration could hardly be surprised by the rejection expressed at the Helms-Burton amendment, officially called "Act for Cuban Freedom and Democratic Solidarity."

The Latin American community already protested over the bill, which was proposed by Republican Senator Jesse Helms and Republican representative Dan Burton, last year when Rio Group member countries unanimously rejected it at the foreign ministers meeting in Quito.

Another important factor is that during the UN General Assembly in November 1995, more than 110 countries opposed the embargo and only three voted in favor.

Dormant in the U.S. Congress until 24 February, the law was reactivated following the downing of two civilian planes of the anti-Castro organization "Brothers to the Rescue," that overflowed Cuban territory and were hit by missiles fired by Cuban Air Force fighter bombers.

Prior to its promulgation, the 40 or so countries that have investments in Cuba which amount to more than \$1.5 billion, voiced opposition to the initiative. Their argument was irrefutable: the law is contrary to free trade and the United States cannot apply it outside its own territory. Moreover, it surpasses the juridical doctrine and the principles of international law.

Moreover, and based on the results of the embargoes imposed on Cuba, the international community feels economic sanctions are counterproductive because they exacerbate nationalistic feelings, contribute to even more restrictive internal measures imposed by the allegedly paralyzed authorities, and harm the weaker and more innocent citizens.

The legal instrument includes a series of measures to discourage foreign investments in the island, and provides legal action against foreign enterprises who invest in U.S. property confiscated by Castro's regime since it reached power 37 years ago.

Moreover, it prohibits deals with enterprises that profit from property that used to belong to the United States; it restricts Cuban officials from travelling and bans the entry to the United States of businessmen or investors who "traffic" with expropriated property; it suspends "charter" flights from the United States to Cuba; and it places strict control on money sent to Cuba by people residing on U.S. soil.

Chilean Foreign Minister Jose Miguel Insulza, after receiving Cuban Vice Foreign Minister Jorge Bolanos — who paid a quick visit to countries of the region — summarized the government's opinion: "The fact that a Chilean businessman can be sued by a U.S. court because of investments he may have made in Cuba is considered inappropriate from the viewpoint of international law."

The Chilean Foreign Ministry legal department is looking into the situation of Chilean investments that may be affected by this law, case by case.

Over the past two years, Cuba has gradually opened its economy to allow the sale of some public enterprises and has eased restrictions on foreign investments, especially as a result of a law promulgated in mid-1995. Through this law the Cuban regime offers a very convenient investments system due to low taxes and the fact that it still has virgin land, oil platforms, and minerals like nickel, lead, and cobalt. These initiatives allegedly awakened expectations of U.S. businessmen who are preparing for the time when the embargo — imposed in 1964 — is relaxed and lifted completely.

Businessmen from other countries believe the real purpose of the Helms-Burton law is to restrain foreigners

while U.S. businessmen gain a foothold in Cuba, especially in industry and telecommunications.

Between 1990 and 1995, Chilean investments in Cuba surpassed \$61 million. Cuba is the eighth most important recipient of Chilean capital.

Carlos Cardoen is a Chilean businessmen who has many years experience investing in Cuba. He is partner of a citric juice packing plant. Cardoen, who terms himself a "victim of U.S. trade terrorism," believes the Helms-Burton amendment "seriously affects free trade and international law by granting U.S. courts the power to try and punish actions outside U.S. territory." [passage omitted]

Max Marambio, general manager of International Network Group, believes "the most serious thing is that the grounds of the law — to trade or work with nationalized U.S. property — is absurd, but allows for any vested interpretation by pressure sectors within the United States."

The former head of GAP (Group of Personal Friends) during President Salvador Allende's time, believes "rejection is logical and understandable in a unipolar world where the United States acts as the 'neighborhood thug,' in that it feels it has the right to dictate extra-territorial laws like the Helms-Burton law."

Marambio believes "Clinton approved the law for obvious electoral purposes. Florida State is the third most important for election purposes and the Democrats believe these measures will gain them votes through the influence of the Cuban-U.S. extreme right. They are mistaken because even if they serve up Castro's head on a plate these people will always vote Republican." [passage omitted]

Alejandro Sule, son of Senator Anselmo Sule, is general manager of the Santa Ana enterprise which markets perishable foodstuff in Cuba. At his office in Havana he told EL MERCURIO that the effects of the Helms-Burton law will be minimal because it "is virtually inapplicable."

He added: "Trade has become so globalized and there are many U.S. companies with interests in Spain or England, just to mention some examples, and whose headquarters, in turn, may have interests in Cuba. I can't imagine Indus Lever of Cuba fighting Indus Lever of Spain." [passage omitted]

Colombia**Colombia: Radio Says Ministers Pardo, Turbay To Resign**

PA1004145596 Madrid EFE in Spanish
1357 GMT 10 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Apr (EFE) — The Colombian ministers of foreign relations and of communications, Rodrigo Pardo and Juan Manuel Turbay, respectively, will resign after they complete their testimonies before the Supreme Court of Justice for their presumed links to the "narcoscandal," the Colombian Radio Network (Caracol) reported today.

A third minister also linked to this, Interior Minister Horacio Serpa, has not yet decided whether to resign, Caracol added.

The three ministers were interrogated in late March by prosecutors assigned to the Supreme Court of Justice and this process will be probably extended next week.

The resignation of the ministers of foreign relations and of communications would worsen the crisis that Colombian President Ernesto Samper has faced for the past eight months. The president's role in the "narcoscandal" is also being investigated by the Accusations Committee of the Chamber of Representatives.

Serpa, Pardo, and Turbay, considered to be Samper's closest aides, were summoned for questioning in mid-March by prosecutors assigned to the Supreme Court of Justice to clarify their duties in the president's electoral campaign.

The three of them served as officials of the Samper campaign: Serpa as debate chief; Pardo as communications and advertising director; and Turbay as secretary general.

The charges leveled by Fernando Botero Zea, former defense minister and former director general of Samper's campaign, prompted the prosecutors to open a formal investigation of the three ministers. This is one of the several suits stemming from charges regarding millions in drug trafficking financial assistance to the election of the current head of state.

According to Caracol, Turbay decided to withdraw from the government and politics regardless of what the judicial ruling might be.

The foreign minister, the station added, also decided to resign despite a possible favorable ruling, because the fact he was investigated alone prevents him from remaining on that post.

Colombia: Ministers Deny Alleged Resignation Plan

PA1004194696 Madrid EFE in Spanish
1824 GMT 10 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Apr (EFE) — The Colombian foreign and communications ministers, Rodrigo Pardo and Juan Manuel Turbay, respectively, denied today they decided to resign and clarified that they will determine their future along with President Ernesto Samper after the investigation in which they are involved is over.

Statements by Turbay himself and from spokesmen of the Foreign Ministry came in response to reports in the Colombian media today that the withdrawal of the two ministers was "imminent."

Pardo, Turbay, and their colleague, Interior Minister Horacio Serpa, are being investigated by prosecutors assigned to the Supreme Court of Justice, which has summoned them for questioning to clarify their responsibility in the alleged use of drug trafficking money in Samper's electoral campaign.

The ministers were interrogated for the first time from 27 to 29 March and must testify again from 17 to 19 April, judicial spokesmen confirmed today.

A Foreign Ministry source today told EFE the minister has not decided to resign.

Pardo will meet with Samper to decide whether to stay in the government only after the results of the judicial proceedings in which he is involved are revealed, the source added, noting that the Colombian foreign minister will end his vacation and return to his office next week.

Meanwhile, Communications Minister Juan Manuel Turbay told journalists he will remain in his post, adding that the judicial ruling will determine his decision on whether to stay in government.

Turbay said this measure will be adopted in agreement with President Samper.

The Colombian radio network (Caracol) had reported today the foreign and communications ministers would resign soon regardless of the judicial ruling.

Colombia: Dissemination of Polling Data Restricted

96SM0219A Santa Fe de Bogota EL TIEMPO
in Spanish 9 Apr 96

[Received via Internet]

[FBIS Translated Text] The results of the polls taken periodically or daily by the radio networks or on certain television spots, and even by print media such as EL

TIEMPO, through its T Line on political issues, may no longer be disseminated.

From now on, the news media will only be permitted to receive calls from listeners, or to take their testimony as a form of the citizen's "free speech," but journalists will not be able to devise general conclusions regarding the trend indicated by the calls.

This is stipulated in the new regulations that have just been issued by the National Electoral Council (CNE) for conducting and disseminating political opinion polls and those of an electoral nature.

According to the chairman of that agency, Oscar Jimenez Leal, the rule is aimed at putting an end to the "constant display of political public opinion polls and surveys that exists in Colombia, so that they may be conducted by expert persons."

Jimenez claims that a survey or poll taken by telephone is an improvisation, and generates risks of manipulating public opinion.

He remarked: "Thoughts can be divulged, but not evaluated, because generalizations are destroying the country."

The publication of polls will be done based on the legal regulations currently applied to the disclosure of surveys.

This means that polls will have to be conducted by firms duly registered with the CNE, and the dissemination of their results must be made in their entirety.

The news medium revealing a poll also must indicate the name of the firm that conducted it, the person or entity that contracted it, the procedure used to select the sampling units, the concrete topic to which it pertains, the specific questions asked, the population universe used, the data collection technique, and the date on which it was taken.

It has been stipulated that the surveys or polls supervised by the CNE will no longer be limited to the electoral issue. Now, their radius of action will be expanded to include other types of queries, or "events of political significance."

For example, from now on the electoral authority may supervise the manner in which Colombians are asked whether or not they approve of the privatization of a state enterprise, or about the degree of sympathy evoked by a prominent figure in public life.

To ensure compliance with the new regulations, a commission of a technical type will be created, which will be in charge of the investigative work on all aspects

relating to surveys. Another commission will consist of personnel who are experts in statistics, to analyze them.

All surveys and polls will have to be submitted to the CNE.

The Electoral Council will penalize those who conduct or publish opinion surveys or polls of a political nature, without meeting the requirements demanded by the law, with fines ranging from 25 to 40 minimum wages (approximately 6 million pesos).

Colombia: Plenary To Review Challenge to Legislators

96P20387A Santa Fe de Bogota EL TIEMPO
in Spanish 10 Apr 96

[Received via Internet]

[FBIS Translated Text] The House of Representatives Investigation and Accusations Committee yesterday rejected calls for 12 of its 15 members to recuse themselves for having received money from the presidential campaign of the then candidate Ernesto Samper, according to the accusation.

The members of the Committee decided to send the case to the full House in order for it to decide, in the second instance, whether or not to proceed with the recusations.

The vote in the plenary could be an indication of the direction in which the decision about the president is moving. If it accepts the recusations, this could be interpreted as reflecting an unfavorable climate for Samper. If it rejects them, this could be interpreted as reflecting a favorable climate, according to statements by two legislators from other committees.

The request was accompanied by a message asking that the issue be placed at the top of today's agenda.

Yesterday's meeting, which was broadcast on television, lasted five hours and was not without incident, such as the "power outage" which lasted 40 minutes or the intense heat caused by the many cameras, journalists, and individuals present in the chamber.

The legislators of the investigative body agreed that the recusations were inappropriate because those who raised the challenges are not legal experts; in other words, they are not knowledgeable enough about the procedures for the investigation being conducted against the president.

In addition, they say, the grounds, as stated in the Criminal Procedures Code, for a person to be declared disqualified are not present.

The vote was initially done individually. One by one the legislators responded either in favor of, or against,

the challenge. The first to reject it was Heyne Mogollon, and the same was done by his colleagues Jose Domingo Davila, Jorge Humberto Mantilla, Lazaro Calderon, Roberto Moya, Tarquino Pacheco, Octavio Zapata, Francisco Canossa, and Jesus Ignacio Garcia.

The latter told his colleagues that "we should not even be considering this matter since those making the recusations are not legal experts. Otherwise, any citizen could issue a challenge against us as often as he wished."

The view of Representative Pacheco also prevailed. According to him, the conflict of interest is only valid in the case of a law is being passed, "and here we are speaking of a judicial process, which must be guided by the Criminal Procedures Code."

Suspension of the Proceedings

The Committee issued a resolution in which it also officially ordered the suspension of the proceedings against the president until the recusations are definitively resolved.

Because it involves a recusal against the majority of the Committee members, it is the responsibility of the plenary of that body.

"If it were a case of a recusal against one or two persons, the Committee itself would have made a final decision today," noted Pacheco.

If the plenary accepts the recusations, it will have to name 12 co-judges to replace those against whom the objections were raised.

Curiously, among those present were three of those who had initiated the recusations: Pablo Victoria, Maria Paulina Espinosa, and Roy Barreras. The three were unable to voice comments because the internal regulation of the Congress, according to the interpretation made by members of the Committee, says that one may only participate in a committee other than the one to which one belongs in cases where a bill is being passed, and in this case the investigative body is conducting proceedings of a special nature.

At the conclusion of the deliberations, Representative Espinosa said that if the case reaches the plenary, the recusations will be rejected "out of hand" because, according to her, the majority of its members are Liberals and participated in the Samper campaign.

She added that, in spite of everything, she and her colleagues would carry the case to its final consequences, even to the Supreme Court, because "the legislators who do not declare themselves disqualified will commit the crime of prevarication and will lose their seats."

Colombia: Mogollon's Handling of Inquiry Criticized

96SM0218A Santa Fe de Bogota SEMANA in Spanish 2 Apr 96 p 42

[Commentary by Maria Isabel Rueda: "Silk Gloves"]

[FBIS Translated Text] The popular radio program, "The Firefly," has popularized the nickname "Silk Stockings," taken from a famous television series and applied to the controversial chief of the DAS [Administrative Department of Security], Marco Tulio Gutierrez. But the president's "investigative representative," Heine Mogollon, could be christened "Silk Gloves," judging from his careful reinterrogation of the chief executive last week. It could go down in history as a model of questioning in which there is no stepping on toes, any contradiction is disregarded, any gap is forgiven, and any question that might discomfort the president, put him on the spot, or force him to admit a scandalous lack of diligence in the system that he used to become the country's chief executive is omitted.

The result is a president who, as a candidate, knew nothing about his campaign: nothing at all.

That is why Antanas Mockus claimed last week that it was definitely a presidential campaign of "the most peculiar kind." According to Samper's own statements, the candidate did not know whether or not there was enough money to enable him to be elected. He did not know the origin of the money that was taken in. He did not know how it was spent, nor how much the campaign cost. He did not know whether the economic groups ultimately gave him the 3 billion pesos that they had promised him. He did not know where the money that entered was assigned, nor how the bills were paid. He did not know whether the legal spending limits were violated, nor whether the accounts were in order. He did not know whether the documents submitted to obtain the refund of the 2.8 billion on the part of the state reflected the real financial situation. In short, he did not know how they elected him.

However, while the president, with his evasive responses, shows a scandalous lack of knowledge, the "investigative representative" reveals a scandalous lack of curiosity.

For example, Mogollon declares himself satisfied with the president's claim, "I don't know anyone linked with the drug traffic." But it would not have been too much to ask a little question about the Sarria couple, or the familiar manner in which he treated Mrs. Elizabeth, or whether Botero finally went to pick up the contributions from "La Monita," sent by Samper himself, as is stated on the tape recording in question. According to the

"investigative representative," the Sarrias simply never existed.

Nor is his curiosity aroused when he asks the president why he did not remove Santiago Medina from the campaign treasury when he dared to suggest to him, as Samper himself admits, that he should travel to Cali to have breakfast with the Rodriguezes, in order to procure their contributions. Is it enough to say no to a subordinate who proposes the commission of a crime to you, or is this proposal sufficient cause for dismissing him? Wasn't the president obliged to inform the authorities that his treasurer had suggested to him the possibility of violating the law, of meeting with drug traffickers, of receiving favors from them, and of remaining silent?

As the president claims: "I, personally, made the contacts that led to the offering of sums of money which, in my judgment, were more than sufficient to meet the expenses of a runoff election." How did he know that they were sufficient if, according to Samper, "I was not directly informed either of the budgets or of the available funds in the treasury for each expense item?"

If the president categorically denies having authorized the entry of funds from the cartel with the statement "do whatever you want, but don't let me find out," made by him according to Santiago Medina, why doesn't Mogollon ask Samper how he explains the appearance of that same statement on the "narco-cassettes," on which, according to Mestre, "the number one gave the go-ahead for receiving the money," using those same words? Doesn't Mogollon's curiosity urge him to find out why two persons have the same version of the same incidents, without having reached agreement?

Why didn't Mogollon ask Samper what Mestre was doing installed in his campaign headquarters? Why is Mogollon satisfied with Samper's response that "it has been sufficiently explained" why General Maza Marquez' support was achieved at Alberto Giraldo's apartment, when there has been so little explanation for it?

Nor does it seem important to Mogollon to ask the president why he continued to defend Botero after the media had revealed the scandalous story that the minister had brought "El Alacran" from Palmira to convince Medina, imprisoned at La Modelo, not to "sing."

Finally, there was not a single question about the then candidate's responsibility for the campaign accounting. According to Article 109 of the Constitution, it is the candidate's obligation to render accounts of his campaign, as well as to explain the amount, origin, and

destination of the funds. According to the president, "I was informed that the account books and financial annexes had been submitted in order. I had no further information other than this." Isn't Mogollon interested in learning how the president explains his reason, when faced with such a constitutional obligation, for having confined himself to "believing" that everything was in order? For not having inspected a single piece of paper? For never having asked how much money was needed? For having concentrated 24 hours a day on attempting to become president, without devoting one moment of the day to finding out how?

Good heavens! A man who fails to learn such important things makes one shudder.

Colombia: ELN Said To Ambush Military Convoy; 4 Killed

PA1104013096 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 10 Apr 96

[Report by Juan Bautista Nino; from the "RCN Radio Events" newscast]

[FBIS Translated Text] Guerrilla forces this afternoon ambushed a military convoy, killing four soldiers and wounding six others on the Sinai Road, Arauca, near the Cano Limon oil complex.

According to information given to RCN radio, the military convoy was proceeding from the La Yuca Police Station to the town of Arauca when it was allegedly attacked by Army of National Liberation (ELN) guerrilla forces.

The wounded soldiers are being treated at the San Vicente Hospital in Arauca. The bodies of the four soldiers killed in this administrative department will be transferred to Arauca tomorrow.

The Domingo Lainz Saenz Front last night circulated a leaflet claiming responsibility for the murder of former Arauca Mayor Gregorio Gonzalez and Liberal Party lawyer Alfredo [word indistinct] Espinosa.

Colombia: Helicopters To Defend Against Guerrillas

PA1104015596 Mexico City NOTIMEX in Spanish 0010 GMT 11 Apr 96

[FBIS Translated Text] Santa Fe de Bogota, 10 Apr (NOTIMEX) — A government source has announced that the Colombian Government will earmark 100 billion pesos (\$100 million) to purchase helicopters as part of a new offensive against the guerrillas.

The government adopted the measure after Colombia's three leading rebel groups staged a two-day armed

offensive throughout the country that caused at least 22 deaths, most of them civilian.

Presidential palace spokesmen have said the Security Council recommended the acquisition of a fleet of armored helicopters to guarantee timely deployments in view of the difficulties encountered by Army troops to reach areas attacked by the guerrillas.

The source said the Colombian defense minister is studying the basics of public bidding and the variety of airplanes that are manufactured by countries such as the United States and Russia.

According to Defense Minister Juan Carlos Esguerra, a civilian, the troops lack the appropriate helicopters to combat the rebels, a situation of which the guerrillas take advantage to block highways and to attack towns.

The Simon Bolivar Guerrilla Coordinating Board (CGSB), with approximately 12,000 fighters, occupied towns in nine departments between 8 and 9 April and bombed toll booths and oil pipelines to demand radical changes in President Ernesto Samper's administration.

The Colombian president is facing a political scandal due to reports that he allowed the use of drug mafia money in his electoral campaign, thereby financing the process that led him to power in 1994.

Esguerra said "the subversives will not achieve their goal of intimidating the people," adding that the military forces have bolstered their operations throughout the country to neutralize the rebels' activities.

Army of National Liberation (ELN) units burned another four vehicles in northern Cesar Department on 10 April, but no deaths or injuries were reported.

The CGSB, formed by the Revolutionary Armed Forces of Colombia (FARC), the ELN, and a dissident faction of the Popular Liberation Army (EPL), suspended its peace negotiations with the executive branch in Tlaxcala, Mexico, in 1992.

Colombia: Court Rules Gaula Groups 'Unconstitutional'

PA1004185296 Santa Fe de Bogota Radio Cadena Nacional in Spanish 2330 GMT 9 Apr 96

[From the "Latest News" newscast]

[FBIS Translated Text] Important decisions were made at the Constitutional Court. The internal disturbance decree, which created the antikidnapping czar in Colombia, was declared valid. It was declared valid by this court.

Also declared valid was the creation of councils to fight kidnapping, but the Constitutional Court found uncon-

stitutional the creation of the famous Gaula [Grupos de Accion Unificada para la Liberacion Personal — Unified Action Groups to Rescue Kidnapping Victims] Groups. These groups comprise various security bodies to fight the kidnapping scourge. The Constitutional Court said the UNASE [Antiextortion and Kidnapping Unit] of the National Police is the only one that was legally established to fight kidnapping.

Another ruling handed down by the court is that all the norms regulating the possession of explosives and cellular phones as well as the norms regulating prison benefits, prison escape controls, the involvement of guards in assisting the escape of prison inmates, all of these norms were declared unconstitutional by the Constitutional Court.

We have Constitutional Court President Carlos Gaviria Diaz, who explains both decisions.

[Begin recording] [Unidentified reporter] The articles that were declared unconstitutional, what do they basically refer to?

[Gaviria] The ones that were declared invalid specifically refer to the Gaula Groups and also refer to the modification of criminal code norms and the norm on criminal procedures [word indistinct] criminal conducts such as kidnappings and extortions. The Constitutional Court deemed that according to the statutory law of the administration of justice, the norms regulating these codes could not be suspended without a clear justification. That is what the statutory law of the administration of justice requires. [end recording]

Colombia: Development Plan Funding Cuts Anticipated

96SM0208A Santa Fe de Bogota EL TIEMPO in Spanish 4 Apr 96

[Received via Internet]

[FBIS Translated Text] During 1996, funds totaling 12.5 trillion pesos will be allocated for health, housing, education, employment, public services, and infrastructure.

According to the figures submitted by the National Department of Planning (DNP), between the second half of 1994 and the first half of last year 18 percent of the funds provided for the four-year period were executed.

Initially, the Samper administration had planned to invest 38 trillion pesos in the programs for health, education, infrastructure, social security, and public services, among others, as called for by the Social Leap. Nevertheless, in view of the lack of financing it will be necessary to make a total cutback of 3.5 trillion.

In other words, despite its good intentions, the government will be unable to meet all the proposed goals. Within the next few weeks, the cutbacks to be made in each sector will be officially approved.

According to the DNP's preliminary assessment, in the educational sector 2,094 new classrooms were created in urban zones, and 254 in rural zones, benefiting 74,440 children under age six.

Moreover, 173,766 slots were created in basic education, exceeding the target of 140,000 new slots proposed for 1995.

In the area of subsidies, nearly 13 billion pesos were executed through grants to low-income students.

Health and Employment

In health, which is one of the programs that have been deferred, approval was given for the operation of 25 health promotion enterprises (EPS), which currently have a membership number exceeding 1.5 million.

In addition, 10.5 million persons who should be covered by social security have been identified throughout the country. Of that number, 6 million are beneficiaries. The goal is to guarantee the provision of this service to the entire population.

To improve the furnishing of that service, 456 hospitals and health centers have been assigned funds, and the emergency services have been reinforced with an investment of 15 billion pesos.

As for the employment plan, which has been one of the most questioned programs, the government revealed that the SENA [National Apprenticeship Service] has trained 42,000 persons, whereas the initial target was 30,000.

For this year, progress is expected in improving quality, and in directing the training toward the sectors most in demand on the market.

A total of 109 projects for business training were approved, and included in the plan to support microbusinesses.

Investment in '96

In the area of urban state subsidized housing, 53,675 subsidies were made available.

The programs for households with income ranging between two and four minimum wages included the granting of 6.4 billion pesos in subsidies for 4,123 Colombian households.

The Compensation Funds have granted subsidies totaling 47.2 billion pesos, while the savings and housing

corporations and the banks have granted 35,000 loans, totaling 354 billion pesos, to finance state subsidized housing.

The investments programmed by the government for this year amount to 12.5 trillion pesos. Those funds have been provided in this year's budget, the funds of the decentralized enterprises, and transfers. It is expected that 39 percent of the total plan called for will be executed.

Ecuador

Ecuador: Alleged Peruvian Movement Not Reported by MOMEPE

PY1004203996 Madrid EFE in Spanish
2357 GMT 9 Apr 96

[FBIS Translated Excerpt] Quito, 9 Apr (EFE) — Ecuadoran Deputy Foreign Minister Marcelo Fernandez de Cordova said today that the Ecuador-Peru Military Observers Mission (MOMEPE) "has not reported" any alleged movement of Peruvian troops in the upper Cenepa River valley, where the two countries had a military conflict.

Fernandez de Cordova asserted that the MOMEPE "did not report any alleged movement of Peruvian troops in the upper Cenepa River region, where the two countries had a military conflict" from 26 January to 28 February 1995 over a territorial dispute.

The Ecuadoran press reported today, based on Ecuadoran military sources, that 400 Peruvian soldiers were relocated very close to the demilitarized zone, thus violating the demobilization agreed by the two countries.

The Presidential Press Secretariat reported that Fernandez de Cordova said MOMEPE "will check the region in accordance with the regulations established in the Itamaraty [Brazilian Foreign Ministry headquarters] Peace Agreement and will notify the guarantor countries in accordance with the established commitments." [passage omitted]

Ecuador: Peru Said To Threaten MOMEPE Helicopters

PY1004215596 Madrid EFE in Spanish
1538 GMT 10 Apr 96

[FBIS Translated Excerpt] Quito, 10 Apr (EFE) — The Guayaquil daily EL UNIVERSO asserted today that Peru threatened to shoot down the helicopters of the Ecuador-Peru Military Observers Mission (MOMEPE) if they try to overfly the alleged new Peruvian watch posts at the Ecuadoran border.

The Ecuadoran daily, which cites unidentified military and diplomatic sources, states: "The threat was made by Peruvian Colonel Olivari (MOMEPA general staff member) on orders of Peruvian liaison General Daniel Mora Z."

The daily adds: "In view of the threat, the U.S. State Department and the ambassadors of the guarantor countries had to directly intervene to exert pressure for the continuation of the peace process." [passage omitted]

The daily states: "Top officials and diplomatic representatives of the guarantor countries want the Peruvian Government to immediately remove General Daniel Mora."

Argentina, Brazil, Chile, and the United States are the guarantors of the 1942 Rio de Janeiro Protocol which established the border between Ecuador and Peru, and the 1995 peace agreement.

Ecuadoran General Jose Gallardo, who was defense minister during the military conflict in 1995, said today MOMEPA should investigate the Ecuadoran report on the Peruvian threat.

"It is an act against humanity and the countries cooperating for a dignified understanding and permanent peace between Ecuador and Peru," said Gallardo, who resigned his ministerial post to become an independent presidential candidate for the upcoming May general elections. [passage omitted]

Ecuador: Army Head Concerned on Alleged Threat to MOMEPA

*PY1004220196 Madrid EFE in Spanish
1925 GMT 10 Apr 96*

[FBIS Translated Excerpt] Ecuadoran Army Commander General Paco Moncayo today expressed "concern" over a presumed Peruvian threat to shoot down planes of the Ecuador-Peru Military Observers' Mission (MOMEPA) should they try to overfly supposed Peruvian watch posts created on the border.

Moncayo said: "This threatening stance against MOMEPA makes no sense at all. An attitude like this fills us all with concern, not just the Ecuadorans, but the guarantor countries and international society as well, because it is absolutely unacceptable." [passage omitted]

Moncayo said: "MOMEPA has just released a statement which, with absolute impartiality, invites us to remain calm." Moncayo was chief of the ground military operations during the undeclared war between Ecuador and Peru from 26 January to 28 February 1995. [passage omitted]

While sources of the guarantor countries refused to comment on the issue, Peruvian Ambassador to Ecuador Hugo Palma minimized the reliability of the report by the Ecuadoran newspaper because "it cites no source," he said.

Moreover, Chilean Deputy Foreign Minister Mariano Fernandez, who is visiting Quito, said he has no information on the presumed Peruvian threat to MOMEPA.

Ecuador and Peru have been negotiating since February last year a peace agreement after the signing of the Itamaraty (Brazilian Foreign Ministry) Peace Agreement which prevented the armed conflict between the two countries in January and February 1995 from being extended to a total war.

Ecuador: MOMEPA Member Assures 'Absolute Calm' on Border

*PY1004230196 Madrid EFE in Spanish
1948 GMT 10 Apr 96*

[FBIS Translated Text] Quito, 10 Apr (EFE) — Peruvian Colonel Victor Julio Olivari, member of the Ecuador-Peru Military Observers' Mission (MOMEPA) Staff, stated today that there is "absolute calm" on the border, despite the fact that press reports have attributed to him a presumed threat to that international mission.

Speaking to the local station "Radio Quito," Olivari said: "The (peace) process is developing normally. It is going very well in accordance with the acceptance by the parties (Ecuador and Peru)."

He decided not to comment, however, the local press reports that Peru is not complying with the demobilization agreement on the border zone, but that on the contrary, Peru is developing a presumed "live frontiers" project by which his country had reportedly settled some 150 Indians in the demilitarized zone controlled by MOMEPA.

Olivari said that MOMEPA has already issued a statement on the matter, and for this reason he declined to respond to the press in the town of Puyo, in eastern Ecuador.

According to the Guayaquil newspaper EL UNIVERSO, Peru has threatened with downing MOMEPA helicopters should they try to overfly supposed new Peruvian watch posts on the border with Ecuador.

EL UNIVERSO, which cites unidentified military and diplomatic sources, states that "the threat comes from Peruvian Colonel Olivari (member of the MOMEPA Staff), by request of Peruvian Liaison General Daniel Mora Z."

"In view of this threat, the U.S. State Department and the ambassadors of the guarantor countries had to intervene

directly and exerted pressures to keep up the peace process," the newspaper adds.

Ecuador and Peru have been negotiating since February 1995 a peace process after the signing of the Itamaraty (Brazilian Foreign Ministry) Peace Agreement, which prevented the armed conflict between the two countries from 26 January to 28 February 1995 from escalating into a total war.

Ecuador: Accord Reached With Peru on Military Meetings

*PY1104034096 Quito Voz de Los Andes in Spanish
2300 GMT 10 Apr 96*

[FBIS Translated Text] Ecuador and Peru reached an agreement on the dates and the people who will participate in three meetings to be held this month by civilian and military men of the two countries with the purpose of strengthening mutual trust.

The first meeting will be held in Quito on 22 and 23 April and will be attended by military men and diplomats to draw up the working agenda of a special commission that will establish an open mechanism for the purchase of weapons. The press reported today that the commission's first task will be to study the purchase of 32 high-technology MiG fighters Peru is reportedly negotiating in Russia. Two meetings will also be held on 20 and 27 April in Bagua, Peru, and Shell, Ecuador, with the participation of high military chiefs of the two countries who are commanders of the detachment located at the two sides of the border.

In the two cases, the meetings are being coordinated and sponsored by the Ecuador-Peru Military Observers Mission, MOMEF. The preparation for the meetings is being made by government officials and military authorities.

The meeting to be held in Quito will have, on the Ecuadorian side, the participation of General Telmo Sandoval, Rear Admiral (Hector Ruiloba), Brigadier General Ricardo Irigoyen, and diplomat Teodoro Bustamante. Peru will be represented by General Arturo Fernandez, Rear Admiral Jorge Brousset, Major General Carlos Modenesi, and diplomat Pablo Portugal.

The meeting in Quito will be held after overcoming an obstacle created by Peru in contradiction with a previous agreement that the meeting be held in Quito. Peru proposed a neutral country but this impediment disappeared after Ecuador demanded that the previous agreement be respected.

General Carlos Calles, commander of the Ecuadorian Fourth Jungle Division, and General Luis Perez Documet, commander of the Sixth Military Region, will

meet in Bagua, Peru, on 20 April. The same commanders will meet again on 27 April in Shell, Pastaza Province, Ecuador. These meetings are a continuation of the meetings held last February at the border region, and in Lima and Quito by General Jorge Ortega Espinoza, chairman of the Ecuadorian Armed Forces Joint Command, and his Peruvian counterpart General Nicolas Hermoza Rios. Diplomatic representatives and military men of the guarantor countries — Argentina, Brazil, Chile, and the United States — and MOMEF members will also attend the meeting.

Paraguay

Paraguay: Crime Prevention Accord Signed With Argentina

*PY1104033196 Asuncion RPC Television Network
in Spanish 2350 GMT 10 Apr 96*

[FBIS Translated Excerpt] A memorandum of understanding on immigration and the struggle against drug trafficking was signed today by the Argentine and Paraguayan interior ministers.

[Begin recording] [Paraguayan Interior Minister Diogenes Martinez] The memorandum of understanding signed between Argentina and Paraguay comprises two agreements. One pertains to Paraguayan immigrants in Argentina. The other one pertains to the struggle against crime, particularly terrorism.

[Argentine Interior Minister Carlos Corach] The Republic of Paraguay will help us and we will help the Republic of Paraguay so that the immigrant population residing in our country meets legal requirements. Therefore, we will take steps so that illegal immigrants can regularize their position by obtaining the necessary residence permit. [passage omitted] [end recording]

Paraguay: Uruguayan Minister on Bilateral Ties, Mercosur

*PY1004231496 Asuncion Cerro Cora Sistema
Nacional de Television Network in Spanish
1600 GMT 10 Apr 96*

[FBIS Translated Text] Uruguayan Foreign Minister Alvaro Ramos has just been decorated by our country. The ceremony was held at the Foreign Ministry. Right now he is holding a news conference. Andres Caballero reports:

[Begin recording] [Ramos, in progress] ...as long as we can create, through an increase in trade, new job opportunities for our people. This is our governments' great challenge: to create job opportunities and improve the standard of living of our people through the regional

pact and by opening to the world. This is what we are trying to do in this regional bloc. Paraguay and Uruguay have common interests in this enterprise.

[Caballero] Paraguay and Uruguay are small Mercosur [Common Market of the South] countries. How should we take this new agreement between Argentina and Brazil knowing that we are confronted with two big countries?

[Ramos] I would not say that we are confronting them, I think we are coordinating our efforts and the efforts of two big countries in the region. Argentina and Brazil are big countries due to their size and because of their closeness and the affection we have for them. Argentina and Brazil are two powerful countries. They could have closed a bilateral agreement between themselves alone, which in effect would have been just a bilateral agreement. These two countries and Paraguay and Uruguay constitute an economic bloc, which is much more important than a bilateral agreement between two countries, no matter their size or importance. This is the distinct aspect that we must preserve. Mercosur today is an economic bloc. It is the only customs union in the world besides the EU. It has an international political personality that we must stress and defend. We have nothing to say about the agreements between Argentina and Brazil as long as they do not affect the Asuncion Treaty and the Ouro Preto Protocol. Any item affecting these treaties will have to be discussed by all four countries. This has been the common practice. I want to add something that we discussed with Foreign Minister Ramirez Boettner at length. We have a very positive position and feeling with respect to Mercosur. It is an integration process that has been consolidating and strengthening. In it, the commercial and economic interest of the four countries are discussed in a table of four. There are difficulties. The EU has been working on its integration process for the past 45 years and it also has difficulties; believe me, there are difficulties. We will have our difficulties, but we have advanced a lot in the one year and a little since the implementation of the customs union. I think we can have confidence in the progress we are achieving with Mercosur.

[Caballero] Has there been any progress in Uruguay's possible purchase of electricity from our country?

[Ramos] Yes. We signed an agreement last year. Now the Uruguayan Congress is discussing an energy regulatory framework, which is close to being approved and which will permit Uruguayan operators to freely purchase energy in the region and particularly in Paraguay. We are making progress. What we still need is an internal Uruguayan matter: Congress's approval of the energy regulatory framework.

[Caballero] This are some of the Uruguayan Foreign Minister's declarations during his news conference at the Foreign Ministry after he was decorated with the National Order of Merit in the degree of Grand Cross. The reception continues at this time. This is what we can report from the Foreign Ministry at this time.

Paraguay: Wasmosy Meets With Argentine Defense Minister

*PY1004225096 Asuncion Cerro Cora Sistema Nacional de Television Network in Spanish
1610 GMT 10 Apr 96*

[FBIS Translated Text] [Announcer Stella Ruffinelli] Reporter Andres Caballero this morning was stationed at the headquarters of the Armed Forces and President Juan Carlos Wasmosy, following his usual Wednesday routine, was there looking after military affairs. The president also received Argentine Defense Minister Oscar Camilion, who is visiting our country, in a special audience.

Andres Caballero will give us more details in this direct contact. Please go ahead, Andres.

[Andres Caballero] Yes, Stella, the Argentine defense minister visited this morning and met with the president here at the Armed Forces headquarters, because as you know the president looks after military affairs on Wednesdays.

They discussed various aspects that are logically related to topics such as defense — they also used a term called defense of peace — and current topics pertaining to democracy.

In his remarks to the media, the Argentine defense minister defended the Argentine chairman of the Joint Chiefs of Staff, who some days ago, according to the information we have received, defended and justified the repression that occurred under the dictatorship in Argentina.

He also pointed out, when asked by the media, that in his country the military does not involve itself in politics, it is not active in politics.

But let's listen to a passage of what he said about his meeting with our country's president.

[Begin Camilion recording] The economic space of Mercosur [Common Market of the South] will slowly generate regional defense interests of all kinds, including some practical ones that we evaluated with the president today.

One of them is the important possibility of standardizing procedures such as the implementation of common rules

and regulations regarding materiel, especially nonlethal materiel such as equipment, uniforms, and boots. This includes a certain type of lethal equipment such as munitions, which can be manufactured in the region, something that is now being done. It is not a [pauses]... we are not going to invent it, even the Europeans do this.

We have evaluated peacekeeping operations. We understand that peacekeeping operations are of increasing importance for our Armed Forces.

We have also pointed out to the president that at this time in Argentina we have a training center for peacekeeping operations, thus we are taking advantage of Argentina's vast experience. During the past few years Argentina has participated in 20 very different types of peacekeeping operations.

We believe that the Paraguayan Armed Forces are greatly interested in this topic. Therefore, if there is the possibility of offering some type of experience we would do so very willingly.

The president also highlighted the importance of the technological center that has started up in Asuncion, which is financed by Japanese capital, and he has placed it at the disposal of the Argentine Armed Forces. [end recording]

[Caballero] This is what the Argentine defense minister said. Stella, to end this direct relay from the Foreign Ministry I would like to report that Foreign Minister Luis Maria Ramirez Boettner has confirmed that he will be leaving his post in May after he meets with the German foreign minister, who will be visiting us in May.

Ramirez Boettner will be replaced by the president's current private secretary, Ruben Melgarejo Lanzoni.

We now return to the studio.

[Ruffinelli] Did the foreign minister confirm that Melgarejo Lanzoni is going to replace him?

[Caballero] No, the foreign minister did not confirm this, but that's the information we have here at Government House.

[Ruffinelli] Thank you, Andres.

Paraguay: Argentine Minister on Military's Antidrug Role

PY1004225996 Asuncion ABC COLOR in Spanish
10 Apr 96 p 7

[FBIS Translated Text] Commenting on the Armed Forces' involvement in stemming the rising tide of the drug trade, Argentine Defense Minister Oscar Camilion

asserted yesterday that "I doubt there will be complete agreement on that matter." The subject of the Armed Forces's involvement in drug enforcement gave rise to opposing views at the first summit of the defense ministers of the Americas held in Williamsburg, the United States, at the end of 1995 [as published].

The Argentine defense minister went on to say: "There are three aspects to be kept in mind: First, the magnitude of the problem itself, which is not necessarily the same in all countries. Second, each country's laws regulating this subject and the Armed Forces' capability to engage in such activity. Last, one has to assess how the Armed and Security Forces are organized to confront this scourge."

Camilion came on a visit to Paraguay yesterday to analyze with his Paraguayan counterpart Hugo Estigarribia the agenda of the second hemispheric defense conference to be held in San Carlos de Bariloche (in the southwestern region of Argentina) this October. As host and organizer, Argentina is tasked with trying "to reach consensus" on the issues to be discussed at the summit meeting. Towards this goal, the Argentine defense minister came to Paraguay after visiting the United States, Canada, and Brazil. He is then scheduled to travel to Chile and Uruguay.

In analyzing the situation in the countries of the region and the degree of incidence of drug trafficking, the Argentine minister further stated: "There are countries, for example, which face a really alarming situation." "It is public knowledge that in some countries, drug trafficking has become a territorial threat — hence the unavoidable involvement of the Armed Forces. Still, this is not the case in other countries. Fortunately, the southern cone countries fall under the latter group," he underscored.

The Argentine official came to Paraguay accompanied by General Mario Candido Diaz, chairman of the Joint Chiefs of Staff, who some days ago, defended the political repression undertaken by the military dictatorship from 1976 to 1983.

Camilion hinted at the fact that, as what happened in Williamsburg, the problem that drug trafficking and terrorism pose by threatening political security will once again be the subject that will arouse the greatest controversy in Bariloche.

Paraguay: Wasmosy Addresses Journalists on Domestic Issues

PY1104014596 *Asuncion ABC COLOR in Spanish*
10 Apr 96 p 6

[FBIS Translated Text] President Juan Carlos Wasmosy said on 9 April that he is the only person "and no one else" in this country who can head a coup d'etat. He said this when he stressed that he is standing firm and secure within the government, and that he will comply with his decision to lead the democratic process to its consolidation "no matter who interferes and no matter whom I have to confront." The president made these remarks during a meeting with journalists accredited at Government House. The meeting was held in the president's office and it was the president himself who called it.

Addressing the journalists, the chief of state maintained that our democracy is still very fragile and therefore it needs the support of all sectors, including the media, in order to strengthen it.

Wasmosy also lashed out at the congressmen, who criticize and condemn each other during their sessions and then they go out "together and drink whisky." In the meantime the disagreements between congressmen are transferred to the interior of the country "where the grudges persist and where even brothers do not talk to each other."

He also criticized the fact that everyone blames his government for all the bad things that happen, "but when Luis Maria Argana [contender for the leadership of the Colorado Party] incites the people to close highways and bridges no one says anything." Referring to the upcoming internal elections of the National Encounter Party, Wasmosy expressed his hope that those elections will be carried out in an honest and clear-cut atmosphere. Recalling the Colorado Party's conflicts, he complained that the leaders cannot resolve their differences. "Am I to blame if they cannot reach an agreement," he asked himself.

Referring to the recent workers strike and the march of the campesinos, the president lauded the behavior of the people because they demonstrated an excellent degree of civic-mindedness. Moreover, he made it clear that the request for a 31-percent salary hike, for example, is not possible, because if it was granted those who live on a salary would be hit very hard. "The poor would become poorer and the rich would become richer," he stressed.

He lamented that the newspapers and television stations make a lot of room for the negative news and very little for the positive news.

The president then mentioned the Jesuit Priest Jose Luis Caravias and accused him of inciting the campesinos to rebel. He called him a "bolshevik."

Wasmosy warned about the danger that some kingpin might return to govern us just as he wishes. He also recalled journalist Mina Feliciangeli, who called herself an antidemocrat, according to Wasmosy. The president wondered how she could demand democracy if she does not practice it.

Peru

Peru: New Education, Health Ministers Installed

PY1104031996 *Lima America Television Network*
in Spanish 0100 GMT 11 Apr 96

[FBIS Translated Excerpt] A few minutes ago a ceremony was held in the Golden Hall of the Government House for the installation of Domingo Palermo Cabrejos as the new minister of education and Marino Costa Bauer as the new minister of health. The brief ceremony began with the installation of Palermo Cabrejos. [passage omitted]

Peru: Dailies View Cabinet Reshuffle

PY1104023296

[FBIS Report] A number of Lima dailies carried editorials commenting on the President Fujimori's cabinet reshuffle on 3 April:

Lima EL COMERCIO in Spanish carries a 900-word editorial on page A2 entitled "The Political Crisis and the New Cabinet," on the recent cabinet reshuffle carried out by President Alberto Fujimori. The editorial points out that the appointment of the new cabinet put an end to the crisis after the resignation of Prime Minister Dante Cordova but that the reason for the crisis should be evaluated. The editorial says that although the pragmatic views of Fujimori's second administration continued, "the attitude of the outgoing cabinet began to change gradually" because a more political position was assumed and that "the unity around the plans and programs that seemed to be maintained were not being carried out consistently." The editorial also says that the appointments of Elsa Carrera de Escalante as transportation, communication, housing, and construction minister, as well as the return of Daniel Hokama as energy and mines minister show that the administration wants to give the image of going back to its origin. The same can be said for the confirmation in their positions of the foreign, presidential, justice, interior, and defense ministers.

Lima EXPRESO in Spanish on 4 April carries a 500-word editorial on page 30A entitled "The Pending

Tasks." The editorial says it is expected that "such an important cabinet reshuffle will not only serve to give the correct signal to the country and the market but also to take back the initiative for modernizing Peru, by taking the government out of its stagnation." It further says that this is an opportunity "for a strict revision of fiscal, monetary, and exchange policies, and to launch with all the available force and ability the second stage of the reform, which are necessary to turn the engine of the economy on again and to keep it going at a high and sustained speed." The editorial concludes by saying that "not many times have we seen such a homogeneous cabinet. This is a great opportunity for the country. Let's not waste it."

Lima GESTION in Spanish on 4 April carries a 500-word editorial on page 22 entitled "The New Economic Path" on the appointment of the new cabinet members. The editorial says that the cabinet reshuffle shows President Alberto Fujimori's decision to clarify the path the economy will take. The editorial also says within the context of the economic program "the Peruvian Government has no other choice than to continue the negotiations with the IMF with the purpose of signing an expanded facility agreement, which will be the basis of the country's economy for the next three years." The daily also says that the short-term economic picture will be characterized by great fiscal austerity, that the government has to choose between the greatest fiscal adjustment demanded by the IMF and the economic reactivation requested by the business sector. Therefore, the government is closer to the IMF demand, which will undoubtedly have a political cost. The editorial adds that the government will probably take a hard economic and political stand and that a clear example is a congressional committee approval aimed at neutralizing a referendum for stopping the privatization of the State Petroleum Agency, Petro-Peru.

Lima LA REPUBLICA in Spanish on 5 April carries a 900-word editorial on page 18 entitled "Incomplete Cabinet." The editorial says that "even though the quick installation of five new ministers basically gives the impression of continuity and that the crisis has been resolved, the lack of appointments of the education and health ministers clearly show the magnitude of the jolt felt by the government, which is the strongest since the 5 April 1992 coup." The editorial adds that the cabinet reshuffle shows that President Fujimori decided to strengthen his position in view of the upcoming battle over the privatization of Petro-Peru, which he plans to privatize at any cost, either the easy or the hard way. The editorial adds that the appointment of Alberto Pandolfi, former president of Petro-Peru, as head of the Council

of Ministers proves his plan to privatize Petro-Peru as soon as possible.

Lima LA REPUBLICA in Spanish on 4 April carries a 350-word article on page 2A by Miko Lauer in the "Observer" column. The article says that the real winner in this crisis is not Fujimori but Economy and Finance Minister Jorge Camet because Fujimori's plan to develop an independent and parallel economic and political project from the IMF, the World Bank, and the Inter-American Development Bank has been defeated. The article concludes by saying that "we continue with Camet's economic logic: The privatizations will resolve the trade deficit problem; and the slowing down of the economy is a minor and temporary problem because high production and exports will follow," and this logic is not very concerned with the consequences.

Lima EXPRESO in Spanish on 4 April carries a 300-word article on page 2A by Manuel d'Ornellas entitled "The Cabinet of Definition." The article says that the appointment of Alberto Pandolfi as prime minister was a surprise but it shows the government decision to continue with the privatization process. The article adds that "with Pandolfi as prime minister, this is a message for war to those who advocate state ownership of the oil company." The article also says that "the new cabinet is ideologically homogeneous, therefore harmonious work for a common goal can be expected, not like in the previous cabinet where in addition to the division into two groups, there were ministers with personal ambitions."

Lima EXPRESO in Spanish on 5 April carries a 300-word article on page 2A by Manuel d'Ornellas entitled "Reactions and Consequences." The article says that all dailies, except LA REPUBLICA, celebrated the cabinet reshuffle and the harmonization of criteria in the cabinet around the economic program but they called on Prime Minister Pandolfi and Economy Minister Camet to take precautions so that the greater fiscal austerity would not affect the population or restrict private activity even further. The article goes on to say that if the state tightens the belt, it will definitely affect the people as well. The article also says that "the radical opposition has publicly announced that it is preparing a great offensive against the government but President Fujimori did not even blink an eye. On the contrary he pressed on the accelerator of the reforms, which is questioned by the opposition, after purging the cabinet of elements with a greater trend toward hesitation. Therefore, Fujimori has won the first round of a long fight."

Peru: Need To Implement State Reform Program Viewed

PY1004184196 Lima EXPRESO in Spanish 6 Apr 96 p A22

[Unattributed commentary: "Who Will Head The State Reform?: The Issue Is Between Yoshiyama and Camet"]

[FBIS Translated Text] In view of its importance, the state reform is the issue that the new cabinet must examine in a firm and categorical manner.

The existing consensus is that without a complete reorganization, the state will be unable to fulfill its role and help promote a competitive economy by reducing the heavy tax burden that is currently afflicting business companies.

An unanswered question, however, is which of the new cabinet members will be in charge of the state reform process.

According to government sources, both Minister of the Presidency Jaime Yoshiyama and Economy Minister Jorge Camet are the likely successors to receive former Education Minister Dante Cordova's responsibilities.

In fact, before the approval of the 1996 Budget Law, it was decided that the Economy and Finance Ministry would be in charge of implementing the reform. Suddenly and without any explanation, however, the task was entrusted to the prime minister's office, which at the time was headed by Dante Cordova.

Simplification

Whoever assumes this duty must also decide what to do with the team summoned by Cordova for this purpose.

The team summoned by Dante Cordova identified three large areas. The first deals with simplifying public administration regulations, the so-called budget, personnel, supply and control "systems". These regulations hinder management and cost reductions.

Reorganization

The second area deals with the reorganization of the different ministries. Right now there is not even an organizational chart of existing public offices or a job description of the duties which must be fulfilled. This is why the reorganization of duties and the fusion or elimination of ministries and government organizations is another pending issue.

An expert has stated: "There are public offices that perform the same services, such as different food programs. This situation does not allow the government to have standard cost structures when drafting the budget and hinders a rendering of accounts; in addition, there is a

duplication of effort and consequent squandering of resources."

Lowering Costs

The third area deals with improving service and customer service, which today are costly and bad.

In conclusion, all this must result in a greater control of public expenses because the current disbursements made by the public administration are ineffective. In sum, how to do more with less is the key issue of the times.

Peru: Commentator on Ministerial Changes, Expectations

PY1004164296 Lima EL COMERCIO in Spanish 6 Apr 96 p A2

[Commentary by Fernando Mac Kee Tueros: "Unifying Ideas"]

[FBIS Translated Text] The days of uncertainty that even caused debt securities to drop on the international market have apparently vanished with the designation of the new cabinet.

From the economic point of view, the Pandolfi cabinet can be interpreted as the continuity of the program implemented by the Economy and Finance Ministry [MEF]. This does not mean that things will develop without major changes, but with the consequent readjustments that any process demands. This is directly related to the announcements made by the economic team led by now reaffirmed Minister Jorge Camet, to the effect that it is a must to continue with the reforms, strengthening them.

Let us take into account that the MEF's main objective, among others, in forums such as the recent IDB [Inter-American Development Bank] Conference, has been that of transmitting confidence that the program prevails and that the state modernization process will continue. For this reason, changing those responsible for the MEF was not commendable. Likewise, it should be taken under consideration that negotiations are being carried out with banks, with the IMF, and the Paris Club. Changing interlocutors surely was a bad signal. This was well known at Government Palace and at the MEF.

More than a week ago, when Camet attended the IDB Conference in Buenos Aires, he was taking pride in having all the necessary confidence to convey to the cold investors the assurance that the program was on the right path and that the economic team's image was solid.

The expectation is that the new president of the Council of Ministers, Alberto Pandolfi, will more closely follow the guidelines prevailing at the MEF. He is a man convinced of the need for privatization. Besides, he is a man who comes from Petroperu (State Petroleum Agency), whose privatization process he has promoted amidst much criticism. Pandolfi and Camet agree on the need to accelerate the sale of public companies.

An observer, checking the names of cabinet members, pointed out the homogeneity of the group. The idea was to avoid conflicts that, in addition to affecting the image of government within the country, could have an impact on what is called a risk country.

A decision was to be made on what to do with the Agriculture Ministry. Former Minister Absalon Vasquez was, on many occasions, the center of attention for his ideas not necessarily in agreement with those of the MEF.

Vasquez has left the cabinet, and with him an opinion often out of tune with that of the council. Now the question is how to act in the agrarian field. It must be recalled that the Agriculture Ministry promoted, under Vasquez, a rescheduling of the debts of the sugar mills; the MEF wanted more radical solutions (embargoes). The Agriculture Ministry has been a great defender of the tariff surcharges, which the MEF has never viewed as appropriate. Perhaps the only subject on which the Agriculture Ministry and the MEF agreed was cancellation of lawsuits concerning land expropriation.

The draft law referring to appeals that could be submitted against the process for expropriation of land for agrarian reform, approved by the congressional plenum, essentially gives one single message: Lawsuits for land expropriation will not be canceled, but no attachments will be imposed on state assets. It strengthens, therefore, other measures on the issue which jointly can establish that possible payments for agriculture bonds by the state would be made at face value, provided the MEF has the money for it. If we analyze this thoroughly, it can be considered a silent victory for now former Minister Vasquez, with the endorsement, of course, of the MEF.

Experts on the matter claim that possible payment of the debt with the face value of bonds is still remote. The economy minister had said that there is no fund for this type of expenditure. If payments were eventually approved and the state had the necessary funds, the owner of the bonds would receive, according to recent calculations of the Agrarian Promotion Association, 0.00000429 new soles for each bond of 1,000 old soles.

This is a delicate issue that deserves broad study from both the economic and constitutional points of view.

Finally, a few words to refer to new Labor Minister Jorge Gonzales Izquierdo. The new minister is well known not only for being a great professor, critic, and scholar, but for his conviction that the main problem today is the lack of jobs.

Within the council, he will have to use his powers of persuasion for the purpose of realizing compatibility between the current economic program and the need to create jobs in a situation wherein the productive system has suffered the shock of a cooling and a second stage is near in the restructuring process of the state apparatus, with everything that implies.

Peru: Mexico, Argentina Visits Detailed

96SM0217A Lima CARETAS in Spanish 28 Mar 96

[Received via Internet]

[FBIS Translated Text] As if to give the impression that the storm clouds over Peru had been dispelled, President Alberto Fujimori visited Mexico while Minister of Economy and Finance Jorge Camet was visiting the 37th Assembly of the IDB. The most recent presidential visits, especially the visit to Panama and now the one to Mexico, do not seem to correlate with any definite foreign policy. Nevertheless, Fujimori is no exception to this type of "presidential diplomacy" that appears to dominate the entire continent. Except for Rafael Caldera and Ernesto Samper—who because of the acute problems in their respective countries have to remain on guard at home—all the other South American chief executives are the object of ridicule because of their continuous trips abroad, which no longer possess the political charm they once had and are indelibly associated with the pragmatism of trade agreements, finances, and summit conferences of business leaders.

Mexico is especially attractive for President Fujimori. Carlos Salinas de Gortari was one of the few heads of state in the entire hemisphere who supported the Peruvian position at the Bahamas conference and during the events that followed in the wake of 5 April 1992. Moreover, in the early stages of the Peruvian privatization process, Aeromexico was the only company interested in the privatization of Aeroperu [Peruvian State Airlines].

Mexico is a member of the APEC [Asia-Pacific Economic Cooperation], the principal organization of the countries of the Pacific Basin, and for that reason its support of the Peruvian application for APEC membership is particularly valuable. Mexico is also the country that together with Chile receives the highest percentage of Japanese investment in the region. It can be likened to a banquet to which Peru feels it has been invited but where it is not yet a successful coparticipant.

Lastly, Mexico is both protagonist and victim of the recent economic vicissitudes. It has lived, suffered, and—to some extent—overcome the famous "tequila effect." Why not apply a stethoscope to this process, at a time when footsteps are heard in one's own patio?

Improving the bilateral relations between Mexico and Peru is a precise objective that should culminate in the signing of a free trade agreement, which is important even though it is not in harmony with the fact that Peru has no agreements of this type with countries (for example, its Andean partners) whose economies have a similar structure.

The visit of Minister of Economy and Finance Jorge Camet to Buenos Aires has borne fruit. Few deals remain to be concluded with the IDB, inasmuch as Enrique Iglesias already has in his portfolio 67 transactions with Peru, for a total value of \$1.366 billion. The big deals, however, are being concluded in the corridors of the Buenos Aires Sheraton and in certain of that city's sumptuous restaurants.

For the present, Camet has succeeded in getting the Paris Club to agree to 20 June as the date for considering Peru's request to renegotiate payments. In this case the host will be Jean Arthis, his counterpart in the administration of Jacques Chirac. Their meeting was to have been held in April, before the entry of Russia, but was poorly prepared; at a press conference, however, Camet managed to present the postponement until June as something completely natural.

He also maintained that this change of dates from April to June would not cause greater expense, because there would still be time to renegotiate the debt that was contracted before the cutoff date.

Camet's mood while in Buenos Aires (accompanied by his five shield bearers, including "my friend" Roberto Abusada) has surprised his own people as well as the foreign nationals. At this fourth annual meeting of the IDB, he has been full of good humor and—according to his own admission—is no longer being pursued by creditors and has even had lunch with enthusiastic investors.

J.P. Morgan—read Susana de la Puente—gave a luncheon in Camet's honor in the Marriot Plaza Hotel attended by a select group of 10 U.S. businessmen who manage institutional funds. We are speaking of companies such as Prudential, Capital, Fidelity, Morgan Stanley, Alliance, and TCW, among others.

One of his most important meetings was his appointment on the morning of Monday, 25 March with U.S. Treasury Secretary Larry Summers [title as published]. According to some observers, Camet appeared to be par-

ticularly optimistic at the conclusion of the meeting. He later explained that the negotiations with the IMF were proceeding naturally and according to plan. He insisted that the letter of intent involving the IMF would be pre-published on 20 April for internal discussion during the following 10 days. He said that the IMF mission would return to Lima on 8 April.

The incident of Camdessus' letter gave him the opportunity to make a few jokes. He said both men were surprised at the importance that the press had placed on an exchange of letters between friends. He accordingly insisted—half jokingly and half seriously—that he would send his friend an answer to the letter. "Have no doubt; I will answer him," he said. It was perhaps a heavily veiled suggestion that the response might indicate that Peru is not completely in agreement with the drastic nature of the adjustments that have been recommended.

His optimistic message closed with a stern warning of the fiscal problem, which is central to Camdessus' concerns. Camet insisted that he would not raise the IGV [General Sales Tax]—as Economy Minister Domingo Cavallo did in Argentina, in order to control the fiscal situation—but acknowledged that the penalties prescribed in the Tax Code had to be strengthened because tax evasion continued to be a serious problem, especially in the collection of the IGV.

Peru is far below the Latin American average for collection of this type of tax. Usually half of the tax is collected; if the IGV is 18 percent, the rate of collection should be around 9 percent of the GDP; in Peru it is 5 percent of the GDP. These four percentage points of difference represent 5.6 billion soles; in other words, they represent an enormous beefsteak that certain people are eating.

Other meetings were organized for Camet in Buenos Aires by Bankers Trust, Goldman Sachs, and Merrill Lynch.

Peru: Colombian Drug Traffickers Operating in Border Towns

PY1104010196 Lima EXPRESO in Spanish 7 Apr 96 p A14

[Report by Leonidas Canchanya Joaquin]

[FBIS Summary] The Colombian "drug mafias," together with Peruvian "firms," have taken over more than a dozen border towns in their attempt to continue the illegal sale of drugs. Fourteen towns of the Lower Amazonas, in Loreto, are now no-man's-land. Shipments of

drugs are loaded and transported without any authority being able to do anything to dismantled this well-organized operations network and, what is worse, without the police and military agents in the zone being able to detect the illegal shipments."

After 70 years of existing in the midst of poverty, towns such as Mayruma, Camote Isla, Progreso, Santa Clara, Yauma, San Isidro, Santo Tomas, Imsa, Monte Esrael, Boiuth, Santa Rita, Prosperidad, San Antonio, and Peruate, in San Pablo District, Ramon Castilla District, on the Amazonas River bank suddenly came to life in May 1994 with the noise of aircraft and speedboats loaded with cocaine paste that started operating in the area after "the U.S. Government, which had a radar station in Yurimaguas and used AWAC's [airborne warning and control systems] and Orion spy aircraft to detect clandestine flights of drug traffickers' aircraft, decided to suspend supplying information to the Peruvian drug enforcement forces." As a result, the main Colombian and Peruvian drug rings started operating in the area. Between November 1991 and April 1994, the Peruvian Air Force, with the help of its own radars, intercepted 215 aircraft belonging to drug rings. During that same period 42 landing strips were destroyed but at the same time others were built. Consequently, and despite the efforts, by late 1995 there were still 94 airstrips operating.

The Amazonas River has become the most popular route for the transportation of cocaine paste and mentions a case, in March, when 70 smugglers transported one tonne of washed cocaine paste from Tiruntan District, in Loreto, to Monte Esrael and Peruate, main islands of the lower Amazonas, San Pablo district, from where the drug is shipped to Colombia.

Uruguay

Uruguay: Foreign Minister's Trip to U.S. 'Success'
PY1104034196 Montevideo EL OBSERVADOR
in Spanish 31 Mar 96 p 6

[FBIS Translated Excerpt] Uruguayan Ambassador to the United States Alvaro Diez de Medina stated that Foreign Minister Alvaro Ramos' trip to Washington was a huge success, and he denied that there has been more disagreement than understanding between the two countries.

In a telephone conversation with EL OBSERVADOR, Diaz de Medina maintained that "the minister's visit to Washington can be termed as hugely successful because the contacts that he made were at the top level and because ample agreements regarding all objectives emerged from the working agenda that he had with each of those contacts."

The diplomat stressed that "there was no type of disagreement." He did acknowledge that there had been press leaks regarding the meeting with Thomas MCLarty, counselor to the President for Business Affairs, that indicated that there had been disagreement between Ramos and the counselor regarding the conformity of the U.S. Government due to the existence of bank confidentiality in Uruguay and the consequences that this has on money laundering.

The Uruguayan ambassador stated that he had participated in that meeting and therefore that he can stress that the MCLarty and the minister fully discussed all bilateral matters and that they were in complete agreement. He added that "the topic of money laundering was just a secondary aspect that came up during the meeting." [passage omitted]

Uruguay: Joint Declaration Issued With Mexico
PY1104033596 Montevideo EL OBSERVADOR
in Spanish 2 Apr 96 p 4

[FBIS Translated Text] Foreign Minister Alvaro Ramos and his Mexican counterpart Jose Angel Gurria have signed a joint declaration in which both countries commit themselves to combat drug trafficking and deepen several aspects of bilateral trade. Both foreign ministers also rejected the Helms-Burton law hardening the embargo on trade with Cuba. Mexico recognized Uruguay as a country free of foot-and-mouth disease, which will enable Uruguay to export beef to Mexico.

Ramos concluded his state visit to Mexico in which he tried to further closer relations with the Aztec country, which is a member of NAFTA together with Canada and the United States. His visit was instrumental in making inroads on the undertaking of joint projects between Mexico and Uruguay, and Mexico and Mercosur [Common Market of the South].

The foreign minister had a very busy agenda during his two-day visit to Mexico, which started on 31 March. Ramos held meetings with Mexican President Ernesto Zedillo, with Foreign Minister Gurria; with Herminio Ramos, secretary of commerce and industrial development; with businessmen, and people from the cultural sphere.

In his meeting with the Mexican head of state, Ramos was accompanied by Uruguay Ambassador in Mexico Carlos Giannelli. Zedillo and Ramos analyzed several points of the joint declaration signed by the foreign ministers of both countries. Ramos invited the Mexican president to make a state visit to Uruguay, which will surely take place following President Julio Maria Sanguinetti's state visit to Mexico on 4-6 September of this year.

The joint declaration signed by Mexico and Uruguay underscores the "excellent level" of bilateral relations; it stresses the Mexican and Uruguayan "Governments' condemnation" of the Helms-Burton law, which hardens the blockade against the Cuban regime, "on the grounds that it violates international law and trade practices." Moreover, the ministers censured the U.S. law as they "deem that the objective of imposing domestic norms outside a country's territory is unacceptable."

In the joint declaration, both foreign ministers reaffirmed their governments' decision to "step up and deepen the struggle against drug trafficking" and they congratulated themselves on having signed the Agreement on the Prevention of the Undue Use and Control of the Illegal Peddling of Narcotics and Psychotropic Substances."

Both countries endorsed the holding of a World Conference on the Illicit Drug Trade and were of one mind about the fact that "there must be an all-out fight against drug trafficking, which must be based on a shared responsibility at the world level."

Ramos and Gurria decided to open negotiations of new agreements on extradition and mutual legal assistance. They moreover "underlined the importance of negotiations of a trade agreement between Mexico and Mercosur under the so-called four plus one scheme." With regard to this, the ministers "took note of the technical work which is currently being undertaken by Mercosur and Mexican representatives in Aladi (Latin-American Integration Association) prior to the formal negotiations.

Finally, Mexico recognized Uruguay as a country free from foot-and-mouth disease, which gives the green light to the entry of Uruguayan beef into the Mexican market without any health restrictions.

Uruguay: Sanguinetti To Defend Animal Health Standards

PY1004145096 Montevideo LA MANANA in Spanish 30 Mar 96 p 2

[FBIS Translated Text] In his forthcoming trip to Europe in May, the president of the Republic will include a visit to FAO [UN Food and Agriculture Organization] headquarters, where he will personally assume the defense of the high health standards of Uruguayan beef.

President Julio Maria Sanguinetti himself informed the members of the National Meat Institute (Inac) and the representatives of rural unions about his future undertaking during a meeting held at Government House on 29 March.

[Agriculture and Fishing] Minister [Carlos] Gasparri was of the opinion that it is most significant and positive that the president of the Republic should personally assume the defense of Uruguay's animal health standards before an important international forum.

In reply to a question about when Uruguay began to take preventive measures against the "mad cow" syndrome, Gasparri said: "Uruguay started a strict control regimen in 1988, limiting the entry of genetic material from countries in which bovine spongiform encephalopathy had been detected. The government and the private sector have agreed to coordinate actions through the Inac. We have jointly undertaken official actions with the Foreign Ministry. We must send to all our representatives abroad all the necessary material so that they may put people at ease by disseminating the reality of Uruguay's animal health standards." Gasparri added: "Moreover, President Sanguinetti will visit the FAO in May to expound the advantages of our situation. We must be able to convey to the world our good situation concerning animal health."

"In addition, we will undertake commercial actions through the Inac in coordination with the various associations that comprise it. There is a possibility that Uruguayan delegations may travel in the future to hold talks with representatives from the countries that import Uruguayan beef. [no closing quotation marks as published]

Venezuela

Venezuela: Judge To Reformulate Extradition Request

PA0904203796 Caracas Venezolana de Television Network in Spanish 1530 GMT 9 Apr 96

[FBIS Translated Text] Irma Mancilla, 24th criminal judge for banking affairs, will reformulate the extradition request against banker Orlando Castro Llanes for the different irregularities detected in Banco Progreso and Banco Republica.

The first extradition request filed by the Supreme Court of Justice is kept at the Foreign Relations Ministry, and is based on the arrest warrants the 39th Court, which back then handled banking affairs, issued on 4 and 20 October 1995 against Orlando Castro Castro and Orlando Castro Llanes.

Nevertheless, thanks to the fact that on 26 and 29 March of this year Irma Mancilla issued new arrest warrants against Orlando Castro Llanes and Orlando Castro Castro, she decided to reformulate the request in order to streamline the procedure, hoping that the entire process may be concluded before 4 May.

[Begin Mancilla recording] At the 4 May hearing we will define what will be his legal situation [words indistinct] the city of New York or if he is extradited or set free [words indistinct] [end recording]

Precisely to avoid this possibility, the judge considered that the extradition request should be expedited.

Meanwhile, Chief Justice Rafael Alfonso Guzman scolded the attorney general and the prosecutor general for the controversy they have initiated.

[Begin Guzman recording] Public controversy with the motivations that appear behind it, sow confusion and mistrust in the rulings of Venezuelan justice. It also reveals unjustifiable differences between two fundamental institutions of the state of law, which must work together in defining and defending the interests of the Republic. These duties have been vested on them by the Constitution of the Republic. [end recording]

Venezuela: Andueza Says Nation Ready for 'Any Contingency'

PA0904132996 Caracas EL NACIONAL in Spanish
7 Apr 96 p D4

[FBIS Translated Text] According to Interior Minister Jose Guillermo Andueza, the Venezuelan state is "absolutely prepared for any contingency," but explained that "the country is completely calm and serene, because the Venezuelan people want to work for Venezuela's prosperity."

Andueza, who last Wednesday presided over the Security Cabinet's regular meeting, explained that if some

unforeseen incident were to occur, the government would have contingency plans in place for any type of scenario.

The minister stated that "the police would be the first to take action, followed by the National Guard and, in the worst case scenario, the National Armed Forces (FAN) would take control with what is known as the Avila Plan. But, for now, there is an absolute calm, and none of these plans have been proposed."

Andueza also recently revealed the existence of a plan of "destabilization," whereby explosive devices would be placed at various locations around Caracas. This has led to the arrest of two persons, and one has since been released. The conclusions of the investigations by the Disip [Directorate of Intelligence and Prevention Services], however, have not been reported.

Andueza issued a media bulletin with details of the Security Cabinet meeting, which was attended — besides the interior minister, the Disip, and the National Guard — by Defense Minister Moises Orozco Graterol, Justice Minister Enrique Meir, and the police corps. According to Andueza, operational plans to face all types of emergencies, during Holy Week or otherwise, were studied.

The interior minister said he had information that "groups of teachers" would use the religious services to carry out propaganda to further their causes.

"Those movements are contrary to religious freedom. They would seriously disturb a basic freedom of Venezuelans," Andueza stated.

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